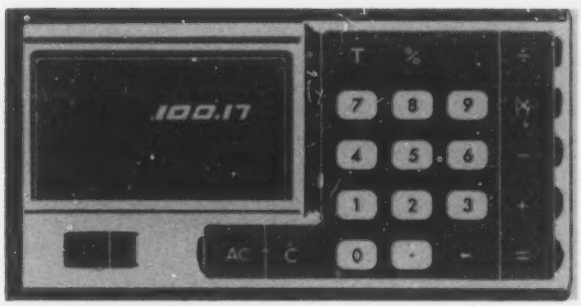
INSURANCE FACTS

1979 edition



PROPERTY
LIABILITY
MARINE
SURETY

ACKNOWLEDGEMENT

This yearbook is intended to provide some basic facts relating to the property and liability insurance business for editors, writers, speakers, teachers, students and insurance people.

Inasmuch as the Insurance Information Institute does not have a statistical research staff, the cooperation of other insurance organizations and of commercial publishers of insurance data has helped to make this yearbook possible. To them we extend appreciative acknowledgement.

We are particularly grateful to A. M. Best Company, Inc., for making available some of its compilations of insurance statistics; to the National Fire Protection Association for permitting us to publish certain of its copyrighted data concerning fire losses, and to the National Safety Council for its cooperation in providing certain accident-related data.

Where still more detailed information about the property and liability business is desired, the Insurance Information Institute will be happy to provide it or to suggest possible other sources.

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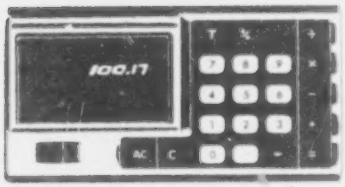

insurance facts 1979

Selected Data of General Interest
Relating to Property and Liability Insurance

This yearbook is published by the Insurance Information Institute, a public relations and educational organization of the property and liability insurance industry. The Institute is supported directly or indirectly by several hundred property and liability insurance companies, both stock and mutual (see inside back cover for member company listing).

In addition, the Insurance Information Institute provides public relations services for many national, regional and state insurance organizations. These include the American Insurance Association, American Nuclear Insurers, Association of Fire & Casualty Companies in Texas, Fire Prevention and Engineering Bureau of Texas, Inland Marine Underwriters Association, Insurance Services Office, Metropolitan Chicago Loss Bureau, National Council on Compensation Insurance and the National Crop Insurance Association.

Also, Property Insurance Plans Service Office, Surety Association of America, Texas Automobile Insurance Plan, Texas Automobile Insurance Service Office, Texas Catastrophe Property Insurance Association, Texas Insurance Advisory Association, Texas Life Insurance Association, Texas Medical Liability Insurance Underwriting Association, Texas Workers' Compensation Assigned Risk Pool, Washington Insurance Council and some Fair Access to Insurance Requirements (FAIR) Plans.

FOREWORD

The business of insurance in the United States is divided into three broad categories: life insurance, health insurance and property and liability insurance. Altogether it provides about 1,776,000 jobs and has responsibility for assets of approximately $550 billion. But its greatest significance in the American economy is as an absorber of personal and business risks.

The property and liability segment of the insurance business is responsible for assets which at the end of 1978 totaled about $160 billion. It provides hundreds of forms of financial protection against virtually every known peril.

Data from U.S. government sources indicate that property and liability insurance companies employ some 670,000 persons. Those sources estimate that another 582,000 persons are engaged in agency or brokerage operations and insurance service organizations, but do not distinguish between personnel employed in the life insurance or health insurance business and those with responsibilities in the property and liability field.

There are more than 4,750 insurance companies domiciled in the U.S. Some of these companies sell all lines of insurance; many specialize in one or more fields. Some 2,938 companies sell some form of property and liability insurance, and related lines, including inland marine coverages and surety and fidelity bonds. A vast majority of the business is written by about 900 companies that operate in all or most states.

The property and liability insurance business plays a major role in keeping the American economy moving. Insurance coverages backstop the extensive commercial and consumer credit system of our nation. Further, surety bonds are required on almost all public works and commercial construction, to protect against loss in the event the contractor fails to fulfill his obligations.

In large part because of insurance coverage, Americans — business owners and employes, home owners, housewives — have more financial protection and a greater sense of security than any people anywhere have ever enjoyed in the history of the world.

TABLE OF CONTENTS

Page

1 Dimensions of Insurance . . 4
Property-Liability Insurance in 1978 4
Property-Liability Insurance Companies by State 6
Property-Liability Insurance in the World Market 7

2 Insurance Statistics 8
Net Premiums Written by Line . . 8
Net Premiums Written, 1954-1978 9
Who Pays the Premium Dollar? . 9
Automobile Insurance 10
Multiple Peril Insurance 11
Fire Insurance and Allied Lines . 12
Inland Marine Insurance 13
Ocean Marine Insurance 13
Burglary & Theft Insurance 14
Liability Insurance (other than Auto) 14
Workers' Compensation Insurance 15
Glass Insurance 15
Boiler & Machinery Insurance . . 16
Crop-Hail Insurance 16
Surety Bonds 17
Fidelity Bonds 17
Direct Written Premiums by State 18
Assets and Surplus 20
Operating Results, Property/Casualty Insurers 21
Insurance Guaranty Funds 23
Nuclear Insurance 24
Insurance Through FAIR, Windstorm Plans 25
Flood Insurance in the U.S. 27
Federal Crime Insurance 29
Automobile Insurance Plans . . . 30
Premium Taxes 32
Cost of Operating an Automobile 33
Insurance as a Factor in Home Ownership 33

3 Facts about Losses 34
A Summary of Losses 34
Fire Losses 36
Fire Fatalities 36
Leading Causes of Fire 37

Page

Fires by Type of Structure 38
The Arson Problem 38
Major Fires — I 39
(Fires Causing Extensive Property Damage)
Major Fires — II 42
(Fires Resulting in Heavy Loss of Life)
Earthquakes in the United States 43
The Catastrophe Record, 1974-1978 44
Hurricanes Reaching the United States 47
Tornadoes in the United States . . 47
Tornadoes by State 48
Accident Facts 49
Motor Vehicle Deaths and Injuries 49
Accidents by Age of Drivers 50
Automobile Repair Costs 50
Economic Losses, Traffic Accidents 51
Claim Costs, Auto Accidents . . . 51
Results of Low-Speed Crash Tests 52
Automobile Collision Insurance Claims 54
Trends in Costs of Goods, Services and Insurance 56
Health Insurance Benefits 57
Injuries and Deaths at Work . . . 59
Economic Losses, Accidents at Work 59
Aircraft Accidents 60
Boating Accidents by State 61
Crimes Against Property 62
Motor Vehicle Thefts 63
Business Failure Trends 64

4 Background Reference . . . 65
How Rates are Made 65
Automobile Financial Responsibility Laws 66
"No-fault" Automobile Insurance 68
The Regulation of Insurance . . . 69
Definitions 72
Insurance, Service Organizations 76
Insurance Information Institute (Directors, Staff Officers, Regional Offices) 80

dimensions of insurance 1

PROPERTY-LIABILITY INSURANCE IN 1978: A REVIEW

The property/casualty insurance business registered a profit on underwriting operations in 1978 for the second consecutive year. The two years of profit followed a three-year period of unprecedented underwriting losses totaling more than $9 billion. (The industry again experienced heavy underwriting reverses during the first half of 1979.)

A $1.296 billion gain from underwriting operations in 1978 represents a statutory underwriting profit of $2.55 billion minus payments of $1.25 billion in dividends to policyholders.

The industry's investment income for 1978 totaled $7.6 billion, an increase of about 24.5 per cent over the 1977 total of $6.1 billion. The companies' consolidated policyholders' surplus account totaled $35.4 billion at year's end, a 20.8 per cent increase over the $29.3 billion recorded at the end of 1977. The policyholders' surplus account is a barometer of the financial strength insurers must have to support future growth and to assure a continuity of efficient service to the public.

Premiums written by property and casualty insurers increased by 12.8 per cent during 1978, to $81.7 billion from $72.4 billion in 1977. When compared to the consolidated surplus, this produced in 1978 a premium to surplus ratio of 2.31 to 1. Many insurance experts believe this ratio, which in 1977 was 2.47 to 1, should be in the vicinity of 2 to 1.

As in previous years, economic inflation continued to have a devastating impact on the costs of materials and services for which insurance pays.

The U.S. Department of Labor's Consumer Price Index showed that as the overall cost of living rose 9 per cent in 1978, auto insurance premiums were up 3.5 per cent and property insurance premiums climbed by 7.3 per cent.

By comparison, increases in costs covered by auto insurance included: auto maintenance and repair, 9 per cent; medical care, 8.8 per cent; physicians' services, 7.2 per cent, and hospital rooms, 12.3 per cent.

Increases in costs for which property insurance pays included: housing maintenance and repairs, 10.1 per cent; paint, wallpaper, supplies, tools and equipment, 8.6 per cent; lumber, awnings, glass and masonry, 9.2 per cent, and plumbing, electrical heating and cooling supplies, 4.9 per cent. Construction costs, as measured by the U.S. Department of Commerce, rose 13.2 per cent.

Among other developments which affected the economic condition of the property/casualty insurance business in 1978 were:

- Some 41 catastrophes caused insured losses of $643.3 million, a figure previously exceeded only twice. (The single-year catastrophe record of $896.1 million set in 1965 was far surpassed in 1979, when losses caused by Hurricanes David and Frederic in September pushed the total for the year to an estimated $1.6 billion).
- The dollar cost of traffic accidents in the U.S. jumped 10.3 per cent to a record $52.6 billion as the number of accidents rose 3.8 per cent to 27.7 million, injuries increased 4 per cent to 5.8 million and highway deaths rose 4 per cent to 51,500.
- Property losses resulting from fires were estimated at $4.008 billion, up 6.5 per cent over the 1977 figure.
- The number of crimes against property increased about 1.5 per cent, with dollar losses from the crimes of robbery, burglary, larceny and motor vehicle theft alone estimated by the FBI at $5.38 billion.

The question of whether insurers' exemption from federal antitrust laws as granted under the McCarran-Ferguson Act should be repealed or modified was the subject of attention by all branches of the federal government during 1978. The matter was unresolved late in 1979. Although several bills concerning insurance regulation were introduced in the 95th Congress, none was passed.

The ways in which automobile insurance companies classify motorists for rating purposes — in particular, the use of such factors as age, sex, marital status and geographical territory — continue to be the subject of widespread discussion. In mid-1979, the National Association of Insurance Commissioners adopted a resolution calling for a comprehensive study of auto insurance pricing procedures. A subcommittee was assigned to develop a theoretical model classification plan to include alternative rating factors and to present a final report, after field testing, in 1981.

New York State took steps during 1978 to become an international center for the insurance and reinsurance of large and unusual risks through the creation of the New York Insurance Exchange and free trade zone. The new Exchange officially was established March 1, 1979 and was expected to be operating early in 1980.

Actions by the courts and legislatures continued to chip away at the doctrine of sovereign immunity, which protects municipal governments from lawsuits. Since 1963, constitutional or legislative actions have erased in about three-fourths of the states the blanket protection from lawsuits formerly enjoyed by employees and officials of local governments.

PROPERTY-LIABILITY INSURANCE COMPANIES BY STATE

Among 2,938 property and liability insurance companies in the United States, about 900 operate in all or most states and among them write a vast majority of the business. The other, smaller companies perform vital insurance services limited to persons in sharply defined geographical areas or to persons who are members of specialized groups, such as farmers.

Home offices of the companies are scattered among the 50 states and the District of Columbia. Twenty-seven states house 30 or more companies each.

The greatest number of companies have their home offices in Illinois — 290. There are 209 insurance companies headquartered in Wisconsin, 209 in New York and 201 in Pennsylvania.

The number of property and liability insurance company home offices in each state is listed below.

Property-Liability Insurance Companies By State, 1979

State	Home Offices	State	Home Offices
Alabama	21	Missouri	72
Alaska	5	Montana	4
Arizona	17	Nebraska	77
Arkansas	33	Nevada	1
California	104	New Hampshire	29
Colorado	47	New Jersey	38
Connecticut	33	New Mexico	10
Delaware	68	New York	209
District of Columbia	12	North Carolina	54
Florida	28	North Dakota	38
Georgia	26	Ohio	141
Hawaii	10	Oklahoma	40
Idaho	5	Oregon	11
Illinois	290	Pennsylvania	201
Indiana	49	Rhode Island	17
Iowa	194	South Carolina	28
Kansas	34	South Dakota	57
Kentucky	36	Tennessee	44
Louisiana	16	Texas	184
Maine	23	Utah	6
Maryland	29	Vermont	13
Massachusetts	46	Virginia	48
Michigan	55	Washington	21
Minnesota	175	West Virginia	19
Mississippi	7	Wisconsin	209
		Wyoming	4

Source: State Insurance Departments.

PROPERTY-LIABILITY INSURANCE IN THE WORLD MARKET

For the first time in modern history, premium volume in the United States for all lines of insurance accounted for less than 50 per cent of the total volume recorded in the free world during 1977. Rapidly expanding markets in other countries and a weakening U.S. dollar were primary causes of the decline.

In the six years from 1972 through 1977, the U.S. percentage of total free world insurance premiums declined from 54.35 to 48.66 per cent. Among leading insurance countries in which the share of the world market increased during that period are Japan, from 9.54 to 11.60 per cent; West Germany, from 8.03 to 9.38 per cent; France, from 4.43 to 4.81 per cent; Canada, from 3.36 to 3.43 per cent; Netherlands, from 1.50 to 1.95 per cent, and Switzerland, from 0.98 to 1.40 per cent.

The nationalization of the insurance industry by Iran in 1979 provided a reminder of growing restrictive trade practices on insurance. Pending reorganization of the U.S. Government's international trade functions fails to meet the needs of U.S. service industries, including insurers, a Chamber of Commerce spokesman told Congress in mid-1979. The spokesman warned that the U.S. may be losing its position as world leader in services, such as insurance, in part because of lack of attention by the U.S. government to combatting unfair trade and investment practices by some countries.

Free world premium volume increased from $253 billion in 1976 to $298 billion in 1977, according to a 1979 report by North American Reinsurance Corporation. The table below lists the 10 leading insurance countries, based on the total premium income from direct domestic business of all national and foreign insurers.

The World's Leading Insurance Countries in 1977
(Premiums in millions of U.S. dollars)

Position	Country	Non-Life Premiums*	Life Premiums	Total Premiums	Percentage of Total World Premiums
1	USA	$96,610	$48,739	$145,349	48.66
2	Japan	11,514	23,120	34,634	11.60
3	W. Germany	16,943	11,077	28,020	9.38
4	Great Britain	7,789	7,590	15,379	5.15
5	France	10,665	3,701	14,366	4.81
6	Canada	6,361	3,873	10,234	3.43
7	Netherlands	3,377	2,436	5,813	1.95
8	Australia	3,576	1,782	5,358	1.79
9	Italy	3,967	788	4,755	1.59
10	Switzerland	2,231	1,939	4,170	1.40

**Including accident and health.*

Source: North American Reinsurance Corporation (estimated USA premium total and percentages of total world premium revised in accordance with data provided by A.M. Best Co., Inc. and the American Council of Life Insurance).

2 insurance statistics

NET PREMIUMS WRITTEN BY LINE

Total premiums written by insurance companies in 1978 in the U.S. for all types of insurance approximated $162 billion.

Purchases of property and liability insurance increased almost 13 per cent in 1978. Net premiums written* by property and liability companies totaled about $81.7 billion in 1978.

Approximate premium totals for principal property, liability and allied lines of insurance in 1976, 1977 and 1978 are tabulated below.

Net Premiums Written, Principal Lines, 1976 - 1978

	1976	1977	1978
Auto Liability, Pvt. Passenger	$12,899,103,000	$14,998,323,000	$16,047,775,000
Auto Liability, Commercial	3,152,478,000	3,830,189,000	4,335,232,000
Total Auto Liability	$16,051,581,000	$18,828,512,000	$20,383,007,000
Auto Physical Damage, Pvt. Passenger	$ 7,987,437,000	$ 9,582,116,000	$10,540,718,000
Auto Physical Damage, Commercial	1,577,822,000	1,938,934,000	2,294,195,000
Total Auto Physical Damage	$ 9,565,259,000	$11,521,050,000	$12,834,913,000
Total, All Automobile	$25,616,840,000	$30,349,562,000	$33,217,920,000
Medical Malpractice	$ 1,132,791,000	$ 1,194,082,000	$ 1,215,789,000
Other Liability	4,251,298,000	5,599,727,000	6,490,064,000
Total Liability (other than auto)	$ 5,384,089,000	$ 6,793,809,000	$ 7,705,853,000
Fire Insurance and Allied Lines	$ 4,101,808,000	$ 4,414,700,000	$ 4,675,368,000
Homeowners Multiple Peril	5,688,547,000	6,765,671,000	7,792,293,000
Farmowners Multiple Peril	313,114,000	384,567,000	434,478,000
Commercial Multiple Peril	4,051,785,000	4,890,528,000	5,829,795,000
Workers' Compensation	7,534,249,000	9,261,418,000	11,300,144,000
Inland Marine	1,444,450,000	1,583,966,000	1,867,189,000
Ocean marine	902,408,000	953,231,000	1,000,203,000
Surety and Fidelity	834,833,000	911,756,000	1,076,183,000
Burglary and Theft	124,447,000	128,877,000	132,855,000
Crop-Hail	325,450,000	339,913,000	351,217,000
Boiler and Machinery	169,827,000	213,098,000	255,873,000
Glass	32,492,000	34,241,000	34,951,000
Credit	47,662,000	39,298,000	42,572,000
Aircraft	156,852,000	144,691,000	156,482,000

**Net Premiums written represent premium income retained by insurance companies, direct or through reinsurance, less payments made for business reinsured.*

Source: Best's Aggregates & Averages; National Crop Insurance Association.

NET PREMIUMS WRITTEN
1954 - 1978

Total net premiums written by property and liability companies for all lines, including accident and health, have risen from $9.9 billion in 1954 to nearly $81.7 billion in 1978. While many insurance groups have transferred their accident and health writings from their property and liability affiliates to their life insurance affiliates, accident and health premiums accounted for more than $2.6 billion of the total premiums written in 1978 by property and liability companies.

Total Net Premiums Written by Property and Liability Insurance Companies, 1954 - 1978 (000 omitted)

	Accident and Health	All Other	Total		Accident and Health	All Other	Total
1954	$ 705,365	$ 9,202,407	$ 9,907,772	1967	$1,690,329	$22,138,588	$23,828,917
1955	803,947	9,735,379	10,539,326	1968	1,778,903	24,247,133	26,026,036
1956	915,624	10,214,448	11,130,072	1969	1,980,032	27,244,869	29,224,901
1957	1,038,140	11,058,160	12,096,300	1970	1,908,841	30,958,185	32,867,026
1958	1,115,586	11,712,680	12,828,266	1971	1,010,331	34,704,563	35,714,894
1959	1,244,673	12,839,687	14,084,360	1972	1,255,525	38,061,998	39,317,523
1960	1,357,600	13,615,031	14,972,631	1973	1,518,687	40,961,085	42,479,772
1961	1,484,526	13,989,146	15,473,672	1974	1,718,787	43,433,572	45,152,359
1962	1,628,825	14,405,364	16,034,189	1975	1,820,412	48,146,153	49,966,565
1963	1,362,764	15,811,924	17,174,688	1976	2,120,152	58,693,166	60,813,318
1964	1,520,603	16,796,029	18,316,632	1977	2,316,734	70,080,195	72,396,929
1965	1,643,648	18,419,820	20,063,468	1978	2,627,884	79,062,047	81,689,931
1966	1,659,145	20,430,912	22,090,057				

Source: Best's Aggregates & Averages.

WHO PAYS THE PREMIUM DOLLAR?

Buyers of business insurance accounted for approximately 54.2 per cent of the $79,032,923,000 in direct property and liability insurance premiums written in the United States in 1978 (see page 18). Direct commercial insurance premiums amounted to an estimated $42.8 billion with the heaviest concentrations in workers' compensation, automotive coverages, general liability and commercial multiple peril "package" policies. Business insurance purchasers also control a large share of the billions of dollars spent each year for group accident and health insurance. A comparison of the property and liability insurance premiums paid by commercial and individual insurance purchasers is shown below.

Commercial	Work. Com.	$12.15 billion	**Individual**	Automobile	$26.65 billion
	Automobile	6.81 billion		Homeowners	7.94 billion
	Genl. Lia.	7.56 billion		Other	1.59 billion
	Coml. M.P.	6.47 billion			
	Other	9.86 billion			
	Total	$42.85 billion		Total	$36.18 billion

AUTOMOBILE INSURANCE

In the face of continually climbing medical, legal and auto repair costs, a vast majority of America's 142 million motorists are recognizing the prudence of purchasing automobile insurance to protect themselves against financial hardship resulting from auto accidents. A growing number of states are making the purchase of auto insurance by car owners compulsory.

Automobile insurance, in fact, is the largest single classification of the property-liability business. The premium volume of approximately $33.2 billion recorded in 1978 was about 9.5 per cent higher than that of the previous year and was more than double that of 1971, only seven years earlier. Auto insurance in 1978 accounted for about 40 per cent of the total premium volume written by property-liability insurance companies.

Premiums Written
1954 - 1978

Year	Auto Liability Insurance	Auto Physical Damage Insurance
1954	$2,366,340,000	$1,573,505,000
1955	2,495,020,000	1,727,711,000
1956	2,684,270,000	1,613,294,000
1957	3,003,290,000	1,748,994,000
1958	3,314,660,000	1,773,832,000
1959	3,681,700,000	1,955,197,000
1960	3,882,917,000	1,993,929,000
1961	4,022,762,000	1,964,485,000
1962	4,239,761,000	2,074,130,000
1963	4,526,801,000	2,312,516,000
1964	4,886,444,000	2,508,503,000
1965	5,423,674,000	2,860,819,000
1966	6,046,047,000	3,258,066,000
1967	6,564,938,000	3,457,829,000
1968	7,106,642,000	3,766,241,000
1969	7,866,013,000	4,196,861,000
1970	8,958,243,000	4,823,564,000
1971	9,976,931,000	5,439,227,000

	Private Passenger*	Commercial*	Private Passenger*	Commercial*
1972	$ 9,069,708,000	$2,306,215,000	$5,501,974,000	$1,051,965,000
1973	9,525,014,000	2,296,028,000	5,893,287,000	1,101,750,000
1974	9,688,569,000	2,321,480,000	5,903,408,000	1,160,151,000
1975	10,775,475,000	2,539,220,000	6,385,762,000	1,237,178,000
1976	12,899,103,000	3,152,478,000	7,987,438,000	1,577,822,000
1977	14,998,323,000	3,830,189,000	9,582,116,000	1,938,934,000
1978	16,047,775,000	4,335,232,000	10,540,718,000	2,294,195,000

**Totals were not broken down into these categories prior to 1972.*

Source: Best's Aggregates & Averages.

MULTIPLE PERIL INSURANCE

Until the mid-1950's, property owners had to buy a variety of insurance coverages separately in order to obtain full coverage against such perils as fire, windstorm, burglary and theft, and to protect themselves against liability claims. While most property owners purchased fire and extended coverage insurance, many failed to take advantage of other available forms of coverage. It was to help people more adequately safeguard their resources that insurers developed the homeowners, commercial and other "package" policies offering adequate coverage against a variety of perils at a cost lower than the combined costs of the individual coverages.

The success of the package policies has had a pronounced effect on the amount of insurance written in recent years on such separate lines as fire and extended coverage, liability (other than auto), burglary and theft, inland marine and glass because of the inclusion of such coverages in the package policies.

The rapid growth in popularity of the "package" policies is illustrated by a jump in homeowners premium volume from $240.7 million in 1957 to nearly $7.8 billion in 1978, and a similarly spectacular rise, from $28.5 million to more than $5.8 billion, in premiums written for commercial package policies. Farmowners multiple peril premiums, reported separately for the first time in 1973, rose from $185 million in that year to $434 million in 1978.

Premiums Written 1957 - 1978

	Homeowners	Commercial
1957	$ 240,680,000	$ 28,459,000
1958	344,710,000	29,343,000
1959	522,604,000	37,873,000
1960	763,765,000	55,575,000
1961	833,873,000	81,728,000
1962	1,039,152,000	157,822,000
1963	1,229,854,000	263,023,000
1964	1,333,073,000	371,340,000
1965	1,523,204,000	508,993,000
1966	1,702,756,000	649,278,000
1967	1,838,719,000	778,036,000
1968	2,076,984,000	933,322,000
1969	2,320,026,000	1,113,386,000
1970	2,564,561,000	1,331,439,000
1971	2,833,181,000	1,659,740,000
1972	3,315,803,000	2,078,069,000
1973	3,630,242,000	2,508,832,000
1974	3,991,811,000	2,846,900,000
1975	4,729,381,000	3,176,373,000
1976	5,688,547,000	4,051,785,000
1977	6,765,671,000	4,890,528,000
1978	7,792,293,000	5,829,795,000

Source: Best's Aggregates and Averages.

FIRE INSURANCE AND ALLIED LINES

Despite the availability of fire insurance coverage in the popular homeowners and commercial multiple peril policies, fire insurance premium volume continues to grow. The 1978 figure of $3.2 billion was 7.7 per cent higher than the 1977 total.

Written premiums for the extended coverage endorsement and allied fire lines were combined in 1971 due to a change in reporting procedures, and the previously separate totals for the two lines have been combined in the table below.

Premiums Written
1954 - 1978

Year	Fire	Allied Lines*
1954	$1,545,894,000	$ 595,984,000
1955	1,560,549,000	677,381,000
1956	1,582,563,000	714,606,000
1957	1,593,996,000	712,460,000
1958	1,626,167,000	766,596,000
1959	1,709,257,000	779,583,000
1960	1,667,385,000	738,910,000
1961	1,619,076,000	709,530,000
1962	1,623,046,000	715,518,000
1963	1,571,957,000	698,697,000
1964	1,533,481,000	678,117,000
1965	1,548,139,000	667,254,000
1966	1,605,668,000	675,603,000
1967	1,681,963,000	704,604,000
1968	1,827,169,000	751,223,000
1969	2,017,465,000	856,766,000
1970	2,199,424,000	947,958,000
1971	2,293,693,000	878,543,000
1972	2,463,217,000	942,452,000
1973	2,392,078,000	1,025,042,000
1974	2,368,300,000	1,087,466,000
1975	2,510,230,000	1,180,946,000
1976	2,810,538,000	1,291,270,000
1977	2,992,803,000	1,421,897,000
1978	3,223,389,000	1,451,979,000

**Covers a wide variety of perils, including windstorm, riot, explosion, sprinkler leakage, water damage and earthquakes.*

Source: Best's Aggregates & Averages.

INLAND MARINE INSURANCE

Inland marine insurance, originally developed to cover goods in transit by other than ocean vessels, today covers such instruments of transportation as bridges and tunnels as well as personal effects, personal property, jewelry, furs, fine arts and many other properties.

Inland marine premium volume has more than doubled in the last seven years despite continued diversion of personal property coverages to homeowners and other package forms.

Premiums Written 1954 - 1978

1954	$ 302,931,000	1963	$ 429,423,000	1972	$ 968,070,000
1955	325,636,000	1964	454,505,000	1973	1,057,583,000
1956	331,539,000	1965	489,104,000	1974	1,127,272,000
1957	330,170,000	1966	520,134,000	1975	1,266,138,000
1958	344,464,000	1967	570,512,000	1976	1,444,450,000
1959	375,698,000	1968	629,055,000	1977	1,583,966,000
1960	380,919,000	1969	718,387,000	1978	1,867,189,000
1961	394,567,000	1970	811,991,000		
1962	413,878,000	1971	884,386,000		

Source: Best's Aggregates & Averages.

OCEAN MARINE INSURANCE

The American ocean marine hull and cargo market has gradually expanded in volume and capacity. Its growth reflects not only greater international trade but the increase in ownership of pleasure craft along the coastal and inland waterways.

Premium volume for ocean marine insurance exceeded the billion dollar mark for the first time in 1978.

Premiums Written 1954 - 1978

1954	$ 161,333,000	1963	$ 245,655,000	1972	$ 576,960,000
1955	167,999,000	1964	248,129,000	1973	650,406,000
1956	184,930,000	1965	261,737,000	1974	760,505,000
1957	206,504,000	1966	295,236,000	1975	860,960,000
1958	208,633,000	1967	324,209,000	1976	902,408,000
1959	225,556,000	1968	360,180,000	1977	953,231,000
1960	230,429,000	1969	413,230,000	1978	1,000,203,000
1961	229,537,000	1970	464,662,000		
1962	237,085,000	1971	496,095,000		

Source: Best's Aggregates & Averages.

BURGLARY & THEFT INSURANCE

The burglary lines include coverages for loss of property (including money and securities) due to burglary, robbery or larceny, and loss of money and securities due to destruction or disappearance. Much of this coverage is now included in package policies.

Premiums Written
1954 - 1978

1954	$ 101,950,000	**1963**	$ 117,618,000	**1972**	$ 138,331,000
1955	102,680,000	**1964**	111,084,000	**1973**	129,376,000
1956	106,980,000	**1965**	109,716,000	**1974**	128,185,000
1957	114,300,000	**1966**	110,264,000	**1975**	120,083,000
1958	108,990,000	**1967**	114,926,000	**1976**	124,447,000
1959	116,500,000	**1968**	117,051,000	**1977**	128,877,000
1960	115,939,000	**1969**	127,477,000	**1978**	132,855,000
1961	114,304,000	**1970**	135,320,000		
1962	115,577,000	**1971**	136,079,000		

Source: Best's Aggregates & Averages.

LIABILITY INSURANCE (other than Auto)

Liability insurance (other than automobile) provides protection against claims arising from injuries to others, or damage to property of others, and for which the insured person is held responsible because of ownership of property, manufacturing or contracting operation, sale or distribution of products, the operation of elevators and the like, as well as professional services.

Sharp increases in the number of lawsuits and the average size of claims in recent years, particularly against doctors and other professional people and product manufacturers, have helped to generate a growing need for the financial protection afforded by general liability insurance. General liability has been one of the fastest growing lines of property and casualty insurance in recent years, with the volume in 1978 more than triple that of 1972, only six years earlier. Medical malpractice insurance premiums, which are included in the general liability totals, increased from $1.194 billion in 1977 to about $1.215 billion in 1978.

Premiums Written 1954 - 1978

1954	$ 571,722,000	**1963**	$ 1,090,851,000	**1972**	$ 2,555,213,000
1955	607,596,000	**1964**	1,110,758,000	**1973**	2,701,318,000
1956	669,560,000	**1965**	1,136,745,000	**1974**	2,935,993,000
1957	726,490,000	**1966**	1,205,262,000	**1975**	3,980,661,000
1958	775,411,000	**1967**	1,326,405,000	**1976**	5,384,089,000
1959	862,131,000	**1968**	1,461,991,000	**1977**	6,793,809,000
1960	962,831,000	**1969**	1,713,023,000	**1978**	7,705,853,000
1961	1,022,927,000	**1970**	2,139,671,000		
1962	1,058,871,000	**1971**	2,380,950,000		

Source: Best's Aggregates & Averages.

WORKERS' COMPENSATION INSURANCE

Workers' compensation insurance is designed to provide for the cost of effective medical care, rehabilitation and lost wages for injured employes and death benefits for the dependents of persons killed in work-connected accidents. The scope of this coverage has broadened considerably in recent years, in large measure because of improvements in state laws to meet performance standards recommended in 1972 by the National Commission to Improve State Workmen's Compensation Laws. Many states have taken action not only to expand benefits but also to make the coverage applicable to classifications of employes not previously covered.

The premium volume has more than tripled since 1971, and in 1978 was up approximately 22 per cent over the 1977 total.

Premiums Written 1954 - 1978

1954	$ 1,016,490,000	**1963**	$ 1,725,158,000	**$ 1972**	4,104,090,000
1955	1,035,450,000	**1964**	1,868,411,000	**1973**	4,761,174,000
1956	1,110,740,000	**1965**	2,042,232,000	**1974**	5,413,436,000
1957	1,199,470,000	**1966**	2,347,829,000	**1975**	6,185,943,000
1958	1,209,400,000	**1967**	2,601,627,000	**1976**	7,534,249,000
1959	1,297,000,000	**1968**	2,890,873,000	**1977**	9,261,418,000
1960	1,419,362,000	**1969**	3,199,744,000	**1978**	11,300,144,000
1961	1,484,010,000	**1970**	3,492,307,000		
1962	1,603,940,000	**1971**	3,660,066,000		

Source: Best's Aggregates & Averages.

GLASS INSURANCE

Architectural demands, merchandising trends and decorative constructional functions have contributed to an ever-increasing use of glass, and an ever-increasing need for glass insurance. Although premiums for this line had been declining for several years, primarily because of the inclusion of glass coverage in many of the popular multiple peril package policies, modest increases in premium volume were recorded in each of the last three years.

Premiums Written 1954 - 1978

1954	$ 37,260,000	**1963**	$ 44,786,000	**1972**	$ 39,232,000
1955	37,460,000	**1964**	41,927,000	**1973**	36,105,000
1956	38,570,000	**1965**	41,207,000	**1974**	33,372,000
1957	45,430,000	**1966**	42,360,000	**1975**	32,155,000
1958	38,560,000	**1967**	40,128,000	**1976**	32,492,000
1959	40,100,000	**1968**	39,114,000	**1977**	34,241,000
1960	47,740,000	**1969**	41,240,000	**1978**	34,951,000
1961	42,705,000	**1970**	40,455,000		
1962	42,261,000	**1971**	39,697,000		

Source: Best's Aggregates & Averages.

BOILER & MACHINERY INSURANCE

This is a specialized line covering a wide variety of power-producing equipment. Insurance companies place considerable emphasis on inspection and engineering techniques in the interests of safety. The growth of automation in industrial processes and the increased size and sophistication of production facilities have heightened the need for loss-preventive services. A 20 per cent increase in 1978 sent the boiler and machinery premium volume to an all-time high of almost $256 million.

Premiums Written 1954 - 1978

1954	$ 66,020,000	**1963**	$ 91,177,000	**1972**	$ 129,440,000
1955	59,980,000	**1964**	102,625,000	**1973**	136,626,000
1956	66,280,000	**1965**	90,508,000	**1974**	140,960,000
1957	69,990,000	**1966**	91,090,000	**1975**	173,169,000
1958	73,650,000	**1967**	105,808,000	**1976**	169,827,000
1959	78,000,000	**1968**	99,125,000	**1977**	213,098,000
1960	85,080,000	**1969**	114,017,000	**1978**	255,873,000
1961	86,397,000	**1970**	115,278,000		
1962	70,082,000	**1971**	125,095,000		

Source: Best's Aggregates & Averages.

CROP-HAIL INSURANCE

Hail storms occur most frequently in the great plains states, often destroying hundreds of thousands — even millions — of dollars worth of crops. Crop-hail insurance provides financial protection against damage to growing crops as a result of hail or certain other perils. Premium volume increased 3.3 per cent from 1977 to 1978, but the line continued in the loss column for the second consecutive year. Leading premium volume states were Iowa, Illinois, North Dakota, Nebraska and Minnesota.

Premiums written for crop-hail coverage by private insurance companies and one state hail fund are tallied below.

Premiums Written 1954 - 1978

1954	$ 72,575,000	**1963**	$ 111,223,000	**1972**	$ 132,368,000
1955	77,242,000	**1964**	112,527,000	**1973**	192,354,000
1956	78,095,000	**1965**	116,960,000	**1974**	259,800,000
1957	95,368,000	**1966**	114,955,000	**1975**	312,439,000
1958	103,754,000	**1967**	124,623,000	**1976**	325,450,000
1959	98,727,000	**1968**	128,610,000	**1977**	339,913,000
1960	103,021,000	**1969**	126,756,000	**1978**	351,217,000
1961	96,775,000	**1970**	125,063,000		
1962	108,970,000	**1971**	123,875,000		

Sources: Prior to 1971, United States Department of Agriculture; 1971-1978, National Crop Insurance Association.

SURETY BONDS

Surety bonds — including contract, license and permit, court and fiduciary bonds — provide for monetary compensation should there be a failure to perform certain acts within a stated period, such as the failure of a contractor to fulfill his obligations. Surety bond premiums increased almost 21 per cent in 1978 to a total of $759.5 million.

Premiums Written 1954 - 1978

1954	$ 142,470,000	**1963**	$ 247,389,000	**1972**	$ 460,752,000
1955	151,810,000	**1964**	261,859,000	**1973**	502,176,000
1956	160,480,000	**1965**	289,247,000	**1974**	550,993,000
1957	170,380,000	**1966**	311,217,000	**1975**	566,869,000
1958	189,030,000	**1967**	322,201,000	**1976**	587,154,000
1959	186,000,000	**1968**	343,088,000	**1977**	628,505,000
1960	197,692,000	**1969**	366,615,000	**1978**	759,480,000
1961	217,137,000	**1970**	385,890,000		
1962	229,845,000	**1971**	419,210,000		

Source: Best's Aggregates & Averages.

FIDELITY BONDS

Fidelity bond premium volume, including mercantile and financial institution fidelity coverage, totaled about $316.7 million in 1978. While this is an impressive figure, it is over-shadowed by the potentials of this line of business. Although most financial institutions are bonded, only about 15 to 20 per cent of mercantile establishments protect themselves with fidelity bonds, which are a form of protection against losses caused by dishonest or fraudulent acts of employees.

Premiums Written 1954 - 1978

1954	$ 86,340,000	**1962**	$ 108,572,000	**1970**	$ 176,421,000
1955	78,640,000	**1963**	136,803,000	**1971**	185,811,000
1956	76,930,000	**1964**	129,947,000	**1972**	199,957,000
1957	97,570,000	**1965**	119,140,000	**1973**	198,203,000
1958	90,600,000	**1966**	136,386,000	**1974**	196,669,000
1959	92,800,000	**1967**	136,378,000	**1975**	221,741,000
1960	114,757,000	**1968**	140,689,000	**1976**	247,678,000
1961	110,229,000	**1969**	177,504,000	**1977**	283,251,000
				1978	316,703,000

Source: Best's Aggregates & Averages.

DIRECT WRITTEN PREMIUMS BY STATE

Direct premiums written by property and liability insurance companies in 1978 totaled about $81.5 billion, an increase of 13.7 per cent over the 1977 total. Data provided by A.M. Best Company (representing about 98 per cent of the nation's total insurance market) provided the basis for the tabulation below of premiums by state for selected lines which together accounted for 73.7 per cent of the overall volume.

The direct written premium total included $79,032,923,000 in premiums for the various property and liability coverages and $2,451,453,000 in accident and health insurance premiums. Increases of more than 20 per cent were recorded during 1978 in the boiler and machinery, workers' compensation and commercial multi-peril lines.

The totals differ slightly from the premium totals shown elsewhere in Insurance Facts because the tabulations presented here are based on *direct* premiums written and those used elsewhere are based on *net* premiums written. *Direct written premiums* are the amounts actually paid by the policyholders. *Net written premiums* reflect additionally exchanges of premiums among insurance companies which contract, through a process known as reinsurance, to absorb specified portions of each other's losses.

Automobile liability premiums combine bodily injury and property damage liability totals. Workers' compensation premiums exclude the premiums written by 18 state workers' compensation insurance funds.

Direct Written Premiums, Selected Lines — 1978
(000 omitted)

State	Automobile Liability	Automobile Physical Damage	Homeowners	Commercial Multi-Peril	Workers' Compensation	Total All Lines**
Alabama	$ 226,884	$ 208,391	$ 124,060	$ 73,417	$ 130,049	$ 1,030,162
Alaska	41,752	29,132	19,134	23,983	107,276	288,304
Arizona	224,883	142,203	88,116	76,202	140,611*	862,257
Arkansas	149,413	122,363	80,846	42,050	98,862	665,624
California	2,669,608	1,406,835	910,854	931,235	1,943,071*	10,34[illegible],902
Colorado	229,411	179,440	105,104	92,383	67,907*	901,313
Connecticut	357,078	167,459	152,109	130,273	178,785	1,310,632
Delaware	57,193	31,036	18,775	13,818	34,163	213,788
District of Columbia	44,329	24,390	13,561	21,947	91,413	330,862
Florida	1,065,743	425,465	311,208	283,380	625,860	3,410,415
Georgia	450,796	284,778	176,742	125,500	217,239	1,638,581

**Does not include state fund premiums.*

***Totals exceed sume of other amounts, which are shown for selected lines only.*

Direct written premiums by state (continued)

State	Automobile Liability	Automobile Physical Damage	Homeowners	Commercial Multi-Peril	Workers' Compensation	Total All Lines**
Hawaii	96,583	44,899	20,349	537	65,330	328,557
Idaho	68,412	62,079	25,108	24,922	49,080*	318,779
Illinois	1,064,124	720,666	403,781	389,996	738,483	4,838,767
Indiana	423,787	344,223	218,661	171,422	149,183	1,774,958
Iowa	234,854	183,369	96,054	80,883	131,184	1,085,003
Kansas	183,950	150,862	114,210	65,496	111,366	867,316
Kentucky	243,418	196,183	109,891	79,513	255,037	1,177,101
Louisiana	436,087	230,559	173,364	85,589	366,281	1,774,295
Maine	75,869	56,952	51,376	30,972	66,246	356,308
Maryland	427,227	193,431	120,695	101,806	189,247*	1,331,468
Massachusetts	502,037	446,682	290,763	192,426	300,444	2,173,543
Michigan	745,961	806,898	362,342	318,945	733,127*	3,834,183
Minnesota	395,357	229,118	166,925	136,205	379,298	1,772,315
Mississippi	140,059	135,864	55,894	28,429	80,082	658,934
Missouri	388,572	304,106	169,161	129,287	161,489	1,610,042
Montana	57,803	53,636	25,475	30,530	27,851*	271,639
Nebraska	115,509	97,699	52,680	43,857	57,617	571,124
Nevada	78,259	51,446	35,065	35,934	- 78*	262,485
New Hampshire	74,954	59,109	45,214	25,156	64,911	342,241
New Jersey	964,907	474,060	280,668	270,991	533,286	3,216,086
New Mexico	86,603	82,694	41,969	30,076	68,452	399,263
New York	1,897,500	782,401	611,471	684,386	737,237*	6,880,186
North Carolina	399,269	253,089	152,641	80,682	142,735	1,342,076
North Dakota	46,402	43,666	16,742	19,004	229*	219,067
Ohio	939,863	624,152	394,123	301,663	10,797*	3,501,086
Oklahoma	202,425	177,947	128,116	63,618	149,122*	972,926
Oregon	275,793	164,298	83,024	64,718	181,195*	1,047,586
Pennsylvania	1,144,674	687,174	324,636	325,895	839,516*	4,320,658
Rhode Island	87,366	54,037	43,318	32,689	57,721	342,244
South Carolina	251,092	136,734	99,266	48,714	83,354	780,297
South Dakota	47,468	39,275	16,291	18,581	19,075	215,993
Tennessee	337,992	236,238	156,537	119,153	186,001	1,366,158
Texas	1,058,623	845,978	530,341	167,980	1,105,450	5,182,723
Utah	100,348	72,807	34,092	34,775	15,233*	338,154
Vermont	34,622	28,731	22,684	20,226	21,514	172,557
Virginia	467,170	245,565	133,806	119,926	216,866	1,504,180
Washington	357,998	220,598	144,364	117,410	18,060*	1,248,981
West Virginia	114,249	108,237	45,519	34,037	840*	420,556
Wisconsin	414,199	231,086	132,306	116,680	205,424	1,517,074
Wyoming	32,829	40,165	14,799	15,054	1,098*	149,624
Totals	$20,531,305	$12,938,204	$7,944,226	$6,472,351	$12,154,622	$81,484,376

**Does not include state fund premiums.*

***Totals exceed sums of other amounts, which are shown for selected lines only.*

Source: Best's Executive Data Service.

ASSETS AND SURPLUS

An idea of the strength and reliability of the property and liability companies may be gained from a review of their assets and policyholders' surplus.

Consolidated assets of property and liability insurance companies in the United States at the end of 1978 amounted to about $149.1 billion, an amount about 17.8 per cent higher than that of the previous year. Most of these assets are invested in government, transportation and utility bonds, high grade stocks and, to some extent, in the real estate which the companies use for their own offices.

Policyholders' surplus is the sum remaining after liabilities are deducted from assets, and includes such sums as paid-in capital and special voluntary reserves. It provides additional financial protection to policyholders in the event of unexpected or catastrophic losses. The companies' consolidated policyholders' surplus accounts totaled approximately $35.4 billion at the end of 1978, an increase of 21 per cent over the previous year's total.

Assets and Policyholders' Surplus
1954 - 1978

	Assets*	Policyholders' Surplus*
1954	$ 20,416,474,686	$ 8,391,745,213
1955	22,304,574,053	9,461,461,288
1956	23,105,999,312	9,606,823,494
1957	23,448,699,858	8,859,054,957
1958	26,308,586,493	10,678,793,572
1959	28,601,876,057	11,632,988,742
1960	30,132,406,146	11,929,916,532
1961	33,690,107,050	14,594,277,025
1962	34,216,778,301	14,143,661,471
1963	37,076,168,470	15,747,425,498
1964	39,864,789,714	16,990,160,905
1965	41,842,855,546	17,111,905,675
1966	42,288,391,548	15,556,228,227
1967	46,561,650,223	17,500,514,573
1968	51,225,612,595	19,106,998,848
1969	52,368,770,719	16,719,316,875
1970	58,593,659,921	18,520,912,881
1971	67,284,413,414	22,749,478,855
1972	78,885,040,254	28,211,379,307
1973	83,862,353,131	27,091,141,493
1974	82,115,346,219	20,898,084,479
1975	94,118,024,372	25,302,572,639
1976	112,974,633,256	31,394,299,646
1977	135,513,191,258	37,371,668,356
1978	160,059,668,932	45,003,817,092

**All figures are industry aggregates. Consolidated totals for the three most recent years (computed by eliminating interownerships within company groups) are estimated at: assets, 1976, $105.6 billion; 1977, $126.6 billion; 1978, $149.1 billion; policyholders' surplus, 1976, $24.6 billion; 1977, $29.3 billion; 1978, $35.4 billion.*

Source: Best's Aggregates & Averages.

OPERATING RESULTS, PROPERTY/CASUALTY INSURERS

Profits and losses of property and casualty insurance companies, particularly in recent years, have been subject to greater fluctuations than those of such other industries as banks, utilities and industrial companies. Separate analyses show that:

- Although the property/casualty business registered underwriting profits, after payments to policyholders, in 1977 and again in 1978, the industry during the last quarter-century has recorded a net underwriting loss, after policyholders' dividends, of more than $8.3 billion. The industry has shown profits on underwriting operations in only 11 of the last 25 years and in only five of the last 15 years (table I).
- Investments of capital and surplus accounts, together with money set aside as loss reserves and unearned premium reserves, have generated income in those 25 years (table II), thus permitting companies to continue their insurance operations despite the frequent underwriting deficits.

Data provided by the National Association of Insurance Commissioners covering an eight-year period show that the industry's annual income on sales ranged from a 1.8 per cent loss in 1975 to a 5.9 per cent gain in 1978. The NAIC found that profits considered as a return on net worth, which were 15.4 per cent in 1971, tumbled to a low of 1.8 per cent in 1975 before recovering and reaching levels of 19.6 per cent in 1977 and 19.8 per cent in 1978.

I — Underwriting Gains/Losses After Policyholders' Dividends
Property/Casualty Insurance Business
1954 - 1978

1954	$ 506,561,238	**1967**	- $ 254,958,281
1955	311,618,658	**1968**	- 568,749,057
1956	- 189,962,159	**1969**	- 1,047,954,242
1957	- 409,063,643	**1970**	- 425,781,395
1958	- 75,360,296	**1971**	826,171,778
1959	127,487,415	**1972**	1,061,651,090
1960	149,827,774	**1973**	6,063,446
1961	164,821,263	**1974**	- 2,644,898,126
1962	46,514,135	**1975**	- 4,226,797,675
1963	- 508,431,662	**1976**	- 2,188,651,570
1964	- 672,106,297	**1977**	1,111,802,569
1965	- 709,529,514	**1978**	1,296,331,868
1966	- 19,874,782		

Source: Best's Aggregates & Averages.

II — Investment Income, Property/Casualty Insurers*
1954 - 1978

1954	$ 449,847,019	**1967**	$ 1,351,764,288
1955	490,964,184	**1968**	1,511,509,149
1956	538,141,639	**1969**	1,711,806,360
1957	579,681,952	**1970**	2,005,080,766
1958	618,356,555	**1971**	2,421,495,267
1959	684,701,752	**1972**	2,799,737,168
1960	767,895,538	**1973**	3,325,344,488
1961	813,163,277	**1974**	3,832,669,322
1962	883,630,622	**1975**	4,150,203,882
1963	947,022,329	**1976**	4,805,938,998
1964	1,031,931,888	**1977**	6,115,120,056
1965	1,131,625,619	**1978**	7,614,036,816
1966	1,217,979,544		

**Industry aggregates less investment expenses; before taxes.*

Source: Best's Aggregates & Averages.

III — Combined Net Income* Before Taxes, Property/Casualty Insurers
1954 - 1978

1954	$ 956,408,257	**1967**	$ 1,096,806,007
1955	802,582,842	**1968**	942,760,092
1956	348,172,480	**1969**	663,852,118
1957	170,618,309	**1970**	1,579,299,371
1958	542,996,259	**1971**	3,247,667,045
1959	812,189,167	**1972**	3,861,388,258
1960	917,723,312	**1973**	3,331,407,934
1961	977,984,540	**1974**	1,187,771,196
1962	930,144,757	**1975**	76,593,793
1963	438,590,667	**1976**	2,617,287,428
1964	359,825,591	**1977**	7,226,922,625
1965	422,096,105	**1978**	8,910,368,684
1966	1,198,104,762		

**Includes both underwriting gains or losses and aggregate investment income.*

Source: Best's Aggregates & Averages.

INSURANCE GUARANTY FUNDS

In recent years, 47 states, the District of Columbia and Puerto Rico have established insurance guaranty associations through which solvent property and casualty insurance companies pay assessments as needed, and on a proportionate basis, to absorb losses of claimants against insolvent insurers. Only Alabama and Oklahoma have no property and casualty insolvency funds. New York for many years has had a pre-assessment guaranty fund law which requires the permanent maintenance of an insolvency fund (to which companies contribute) with a statutory $200 million ceiling.

From the inception of the post-assessment funds in 1969 through December, 1978, the associations have assessed insurers more than $170 million to cover the insolvencies of 53 property and casualty insurance companies, including five which failed in 1978. The total of $170,965,891 includes $170,096,196 in insolvency assessments and $869,695 in assessments to cover administrative costs.

The figures do not include assessments made under New York's pre-assessment insolvency fund nor payments made by individual companies under the insolvency provision of the uninsured motorist endorsement to auto insurance policies.

Guaranty Fund Assessments by State, 1969-1978

State	Amount Assessed All Companies*	State	Amount Assessed All Companies*
Alaska	$ 1,501,288	Nebraska	$ 348,096
Arizona	2,745,812	Nevada	1,820,600
Arkansas	none	New Hampshire	580,000
California	34,288,819	New Jersey	13,500,000
Colorado	1,394,680	New Mexico	252,350
Connecticut	2,550,000	North Carolina	518,589
Delaware	238,950	North Dakota	7,017
District of Columbia	285,000	Ohio	2,754,823
Florida	32,055,219	Oregon	747,288
Georgia	462,000	Pennsylvania	10,016,814
Hawaii	none	Puerto Rico	1,040,000
Idaho	111,979	Rhode Island	285,000
Illinois	11,239,104	South Carolina	640,000
Indiana	624,434	South Dakota	49,425
Iowa	1,140,862	Tennessee	643,164
Kansas	148,771	Texas	7,757,050
Kentucky	1,332,251	Utah	118,410
Louisiana	6,111,125	Vermont	110,000
Maine	74,873	Virginia	none
Maryland	2,188,840	Washington	1,830,957
Massachusetts	12,863,291	West Virginia	127,788
Michigan	5,693,692	Wisconsin	665,218
Minnesota	5,640,628	Wyoming	none
Mississippi	1,390,116		
Missouri	1,384,776	Total	$170,096,196
Montana	817,097		

**Does not include assessments made for administrative costs.*

Source: National Committee on Insurance Guaranty Funds.

NUCLEAR INSURANCE

Insurance against losses resulting from nuclear accidents is provided by three insurance company groups, the American Nuclear Insurers, the Mutual Atomic Energy Liability Underwriters and the Mutual Atomic Energy Reinsurance Pool. Coverage against nuclear losses through the pools has been available since 1957.

Together the nuclear pools make available to any nuclear facility:

- Up to $160 million of liability coverage (bodily injury and property damage combined). It is this coverage that provides financial protection for the general public.
- Up to $300 million of insurance to cover damage to the property of nuclear facility operators on an "all-risk" basis.

A large percentage of the liability premium income of the pools has been returned to the nuclear facilities annually in the form of refunds. Under a program known as the Industry Credit Rating Plan, approximately 70 per cent of liability premium income is placed in a reserve fund used only for loss or loss expense payments. That portion not used during a period of ten years is refunded to the insureds. From 1967 through 1979, these refunds have totaled more than $15.8 million.

The following table shows the premium income since 1957 for the nuclear insurance domestic liability and property insurance pools.

Year	Liability Premium	Property Premium
1957-1970	$ 27,652,843*	$ 37,851,142*
1971	5,726,479	12,822,690
1972	6,552,647	17,211,316
1973	8,389,234	11,222,300
1974	11,494,498	17,581,644
1975	14,192,111	20,405,797
1976	15,351,874	25,520,449
1977	17,532,802	28,773,664
1978	19,183,900	30,702,774
	$124,076,388	$202,091,776

**Represents gross written premium from inception to November 30, 1970.*

Source: American Nuclear Insurers.

INSURANCE THROUGH FAIR, WINDSTORM PLANS

Until recent years, property owners in the nation's deteriorated inner cities and other high risk areas often had difficulty obtaining insurance because of abnormal exposure to threatening hazards over which they had no control.

To make property insurance coverages more readily available in such areas, insurance companies now operate special property insurance plans in 31 states, the District of Columbia and Puerto Rico. These facilities include 28 Fair Access to Insurance Requirements (FAIR) Plans which provide insurance to property owners in inner city and other high risk areas, and beach and windstorm plans which operate in seven states along the Atlantic and Gulf Coasts where vulnerability to severe windstorm damage is especially high.

During 1978, the number of policies issued by the FAIR Plans jumped more than 10 per cent over the 1977 total to an all-time high of 995,222. The Plans recorded more than $242 million in written premiums in 1978. Of these, approximately 61.6 per cent were for coverage of commercial risks and 38.4 per cent for habitational risks. The FAIR Plans at the end of 1978 were providing more than $32.5 billion of coverage, up 15.6 per cent over the amount of insurance in force a year earlier. Eight states, Georgia, Iowa, Louisiana, Maryland, Minnesota, North Carolina, Washington and Wisconsin, recorded declines during 1978 in the amount of insurance in force.

The seven beach and windstorm plans issued more than 93,000 policies during 1978. The amount of insurance in force rose from $3.5 billion at the end of 1977 to some $3.9 billion at the end of 1978.

Insurance Provided by FAIR Plans

	Applications, 1978		Binders or Policies Issued, 1978		Insurance in Force 12/31/78
State	New	Renewal	New	Renewal	(000 omitted)
California	47,811	95,555	28,778	95,167	$ 6,426,645
Connecticut	9,288	8,847	3,717	8,847	348,861
Delaware	1,913	3,923	1,159	3,503	73,458
District of Columbia	4,130	12,132	3,081	11,546	718,019
Georgia	3,012	4,690	2,040	4,372	158,506
Illinois	28,079	84,195	22,524	62,761	2,417,999
Indiana	1,979	3,024	1,352	2,848	76,457
Iowa	1,010	1,283	451	1,278	29,832
Kansas	4,311	6,935	3,295	6,935	129,579
Kentucky	5,035	11,637	4,755	10,024	248,000
Louisiana	2,240	3,050	1,135	3,123	320,253
Maryland	10,385	36,399	8,135	32,489	606,681

Insurance through FAIR. Windstorm Plans (continued)

State	Applications, 1977 New	Applications, 1977 Renewal	Binders or Policies Issued, 1977 New	Binders or Policies Issued, 1977 Renewal	Insurance in Force 12/31/77 (000 omitted)
Massachusetts	51,022	48,830	35,408	38,011	3,930,105
Michigan	46,607	139,296	41,674	126,826	4,792,721
Minnesota	2,098	2,005	1,282	1,725	85,382
Missouri	18,836	33,774	7,157	33,492	654,039
New Jersey	44,324	59,989	26,292	54,153	3,111,968
New Mexico	786	602	420	451	26,692
New York	37,018	75,602	25,404	75,602	3,825,868
North Carolina	7,055	9,661	2,905	8,584	270,750
Ohio	16,054	28,366	12,595	25,696	699,829
Oregon	2,041	1,643	1,727	1,623	79,373
Pennsylvania	53,820	77,441	38,859	66,646	2,342,683
Puerto Rico	*	*	*	*	*
Rhode Island	6,549	7,388	5,239	6,826	550,972
Virginia	5,593	13,148	3,120	12,816	359,033
Washington	248	1,570	188	1,557	74,169
Wisconsin	6,019	10,256	5,373	10,256	175,987
Totals	416,263	781,241	288,065	707,157	$32,533,861

**Not Available.*

Source: Property Insurance Plans Service Office.

Insurance Provided by Beach and Windstorm Plans

State	Applications, 1978 New	Applications, 1978 Renewal	Binders or Policies Issued, 1978 New	Binders or Policies Issued, 1978 Renewal	Insurance in Force 12/31/78 (000 omitted)
Alabama	447	1,808	364	1,807	$ 62,504
Florida	8,622	20,585	5,851	16,903	1,603,358
Louisiana	1,872	*	7,310	+	136,510
Mississippi	1,567	5,457	1,457	5,555	137,051
North Carolina	1,211	3,966	920	3,583	142,145
South Carolina	1,193	3,230	990	2,557	185,855
Texas	62,435	+	46,312	+	1,633,521
Totals	77,347	35,046	63,204	30,405	$3,900,944

**Not Available.*

+Included with New.

Source: Property Insurance Plans Service Office.

FLOOD INSURANCE IN THE U.S.

The number of homes and businesses in the United States insured against flood damage continues to mount dramatically. In the period between July 31, 1978 and June 30, 1979, the number of policies in force increased by some 21.7 per cent from 1,282,101 to 1,559,922 and the amount of coverage in force jumped 35.4 per cent from $42.55 billion to $57.6 billion.

Low cost flood insurance is available in every state, Puerto Rico and the Virgin Islands under a program developed jointly by the insurance business and the Federal Insurance Administration. The program is now administered solely by the FIA.

An estimated 20,000 locations across the country are considered to be flood-prone. Under the Flood Disaster Protection Act of 1973, communities which are formally notified of their eligibility by the FIA have 12 months in which to agree to participate in the program and to take steps to minimize future flood damage. Residents of communities which fail to participate and property owners who fail to purchase available flood insurance are ineligible for federal flood disaster assistance.

Flood Insurance in the U.S.

State	No. of Communities*	Policies in Force** Dwelling	Policies in Force** Business and Other	Policies in Force** Total	Insurance in Force** (000 omitted) Dwelling	Insurance in Force** (000 omitted) Business and Other	Insurance in Force** (000 omitted) Total
Alabama	258	8,384	1,307	9,691	$ 257,945	$ 74,017	$ 331,962
Alaska	21	2,861	299	3,160	114,983	26,835	141,818
Arizona	77	20,884	1,967	22,851	634,624	93,049	727,673
Arkansas	286	4,617	887	5,504	101,931	29,356	131,287
California	407	75,336	6,126	81,462	2,599,653	393,636	2,993,289
Colorado	194	8,010	1,993	10,003	278,319	117,625	395,944
Connecticut	178	10,191	1,868	12,059	344,288	103,875	448,163
Delaware	42	3,593	414	4,007	162,397	32,301	194,698
District of Columbia	1	26	20	46	810	1,369	2,179
Florida	345	292,942	56,455	349,397	12,546,784	3,176,836	15,723,620
Georgia	278	10,466	892	11,358	338,335	47,827	386,162
Hawaii	4	4,447	1,447	5,894	190,298	118,839	309,137
Idaho	133	1,912	211	2,123	55,747	11,711	67,458
Illinois	684	33,542	4,234	37,776	842,829	167,295	1,010,124
Indiana	321	8,964	975	9,939	224,392	37,779	262,171

**As of May 31, 1979.*
***As of June 30, 1979.*

Flood Insurance in the U.S. (continued)

State	No. of Communities*	Policies in Force** Dwelling	Business and Other	Total	Insurance in Force** (000 omitted) Dwelling	Business and Other	Total
Iowa	341	7,995	1,148	9,143	$ 181,307	$ 58,449	$ 239,756
Kansas	282	4,944	810	5,754	120,017	37,883	157,900
Kentucky	225	17,157	3,166	20,323	402,780	151,876	554,656
Louisiana	251	178,049	14,484	192,533	6,909,667	946,341	7,856,008
Maine	948	4,335	1,133	5,468	107,848	43,787	151,635
Maryland	111	10,261	2,424	12,685	334,630	173,363	507,993
Massachusetts	317	21,592	3,136	24,728	636,616	155,231	791,847
Michigan	473	10,716	901	11,617	280,674	43,538	324,212
Minnesota	450	9,004	1,637	10,641	226,951	78,489	305,440
Mississippi	240	25,333	3,252	28,585	749,798	169,298	919,096
Missouri	437	10,883	2,590	13,473	230,135	111,224	341,359
Montana	90	3,523	466	3,989	96,524	14,864	111,388
Nebraska	254	9,266	1,053	10,319	260,953	62,374	323,327
Nevada	21	5,087	234	5,321	170,107	17,239	187,346
New Hampshire	160	2,377	617	2,994	59,404	27,833	87,237
New Jersey	540	75,751	9,629	85,380	2,893,316	563,851	3,457,167
New Mexico	68	5,439	530	5,969	178,189	28,215	206,404
New York	1,354	102,541	8,947	111,488	2,282,049	384,065	2,666,114
North Carolina	276	17,172	2,902	20,074	571,161	149,078	720,239
North Dakota	176	9,254	1,472	10,726	230,813	41,444	272,257
Ohio	638	18,452	3,618	22,070	409,464	143,148	552,612
Oklahoma	277	9,216	1,372	10,588	338,059	78,110	416,169
Oregon	246	5,676	841	6,517	171,029	38,001	209,030
Pennsylvania	2,283	77,367	19,406	96,773	1,719,138	950,856	2,669,994
Rhode Island	39	5,687	1,196	6,883	190,690	84,596	275,286
South Carolina	165	17,609	1,731	19,340	801,132	138,934	940,066
South Dakota	93	1,417	271	1,688	34,491	14,152	48,643
Tennessee	190	4,155	1,238	5,393	108,909	61,791	170,700
Texas	653	142,457	15,119	157,576	5,787,177	818,555	6,605,732
Utah	162	2,450	226	2,676	74,341	12,548	86,889
Vermont	222	1,823	725	2,548	40,695	25,398	66,093
Virginia	251	21,132	3,228	24,360	852,709	206,468	1,059,177
Washington	237	6,753	897	7,650	190,380	43,308	233,688
West Virginia	264	18,799	3,654	22,453	401,733	147,371	549,104
Wisconsin	480	7,260	1,087	8,347	175,729	46,603	222,332
Wyoming	50	1,034	172	1,206	35,095	8,853	43,948
Puerto Rico	1	5,338	1,033	6,371	96,389	36,687	133,076
Virgin Islands	1	493	510	1,003	9,136	24,246	33,382
Countrywide	16,496	1,363,972	195,950	1,559,922	$ 47,052,570	$ 10,570,417	$ 57,622,987

**As of May 31, 1979*

***As of June 30, 1979.*

Source: Federal Insurance Administration.

FEDERAL CRIME INSURANCE

The Federal Crime Insurance Program, established by Congress in 1970, began operation August 1, 1971. It is administered by the federal insurance administrator, who is authorized to make federal crime insurance policies available in states in which she concludes that an availability problem exists. Policies, offered to both individuals and businesses, cover losses due to burglary and robbery.

Private insurers and statistical reporting companies act as servicing agents in participating states. Policies are sold through licensed property insurance agents and brokers.

In 1978, 22 states, the District of Columbia, Puerto Rico and the Virgin Islands were participating in the program. Despite a 37 per cent increase from 1977 to 1978 in the number of policies in force, the total amount of coverage in force declined about 38 per cent from $285 million to $177 million. A spokesman for the Federal Insurance Administration explained that many policyholders were buying less coverage in 1978 than in earlier years.

Federal Crime Insurance, 1978

State	Policies in Force			Insurance in Force (000)		
	Residential	Commercial	Total	Residential	Commercial	Total
Alabama	136	62	198	$ 351	$ 122	$ 473
Arkansas	72	28	100	116	74	190
Colorado	65	80	145	115	161	276
Connecticut	236	126	362	580	300	880
Delaware	78	17	95	166	41	207
District of Columbia	134	256	390	306	856	1,162
Florida	2,611	614	3,225	7,840	1,977	9,817
Georgia	418	332	750	1,374	1,031	2,405
Illinois	1,465	636	2,101	3,902	1,878	5,780
Iowa	3	9	12	11	33	44
Kansas	322	46	368	807	126	933
Maryland	179	294	473	498	760	1,258
Massachusetts	2,436	939	3,375	5,044	2,844	7,888
Minnesota	55	15	70	105	31	136
Missouri	1,512	477	1,989	3,228	1,105	4,333
New Jersey	1,455	597	2,052	4,870	2,116	6,986
New York	2,509	8,269	33,348	87,470	26,187	113,657
North Carolina	209	38	247	499	105	604
Ohio	743	398	1,141	1,919	1,180	3,099
Pennsylvania	3,041	1,519	4,560	7,373	3,753	11,126
Rhode Island	170	90	260	497	380	877
Tennessee	187	434	621	416	929	1,345
Virginia	64	53	117	115	121	236
Puerto Rico	336	229	565	1,810	1,483	3,293
Virgin Islands	2	—	2	17	—	17
United States	41,008	15,558	56,566	$129,429	$47,593	$177,022

Source: Federal Insurance Administration.

AUTOMOBILE INSURANCE PLANS

Although only a small percentage of cars in the United States are insured through automobile insurance plans (formerly known as assigned risk plans), these insurance industry-supported facilities have been loss-producers for many years. The Automobile Insurance Plans Service Office (AIPSO), which gathers statistics and provides services for most jurisdictions, says the auto insurance industry sustained underwriting losses of more than $1.4 billion on this business in the five years ended December 31, 1977, the latest date for which such data are available.

The purpose of these plans is to provide automobile insurance to car owners who have difficulty obtaining such coverage through the voluntary market. Private insurers participate directly in the plans in every state except Maryland.

In Maryland, the state created an Automobile Insurance Fund on Jan. 1, 1973 for those state motorists who are unable to obtain insurance in the voluntary market. Underwriting losses in the first six years of operation approximated $49.9 million. Statute requires private insurers to subsidize any cash flow losses from the Maryland operation, with the cost being charged back against voluntary policyholders.

Although most states continue to operate under a risk assignment system by which the extent of an auto insurer's direct participation is in proportion to the amount of business it writes voluntarily in a state, a number of states have adopted alternative plans. These include:

- Reinsurance facility—a combination of service by automobile insurers and the pooling of experience with each company sharing in the results on some equitable basis. Massachusetts, North Carolina, South Carolina and New Hampshire have variations of this type of facility.
- Service carrier-pooling system—providing for each agent or broker to have a company of his or her own marketing method to service difficult to place business. Florida, Hawaii and Missouri have this type of plan.

The number of private passenger vehicles insured through the various plans countrywide increased about 14 per cent from 1977 to 1978. Data compiled by AIPSO indicate that in 1977, about 6.54 per cent of all insured automobiles were insured through the plans. State by state data are tabulated on the next page.

Private Passenger Cars Insured Through Voluntary Market and Automobile Insurance Plans

State	Autos Registered 1977	Insured in Voluntary Market, 1977	Insured in AIP's, 1977	% of Insured Autos in AIP's, 1977	Insured in AIP's, 1978	% Change, No. of AIP Autos 1977-1978
Alabama	1,988,605	1,371,670	13,200	.95	13,478	+ 2
Alaska	171,058	112,181	9,454	7.77	7,021	- 26
Arizona	1,107,561	1,008,644	911	.09	885	- 3
Arkansas	943,026	874,245	8,657	.98	7,922	- 8
California	12,219,230	9,503,331	366,599	3.71	398,746	+ 8
Colorado	1,614,577	1,418,469	2,337	.16	1,511	- 35
Connecticut	1,657,552	1,385,748	101,557	6.83	159,144	+ 57
Delaware	304,364	275,544	28,100	9.25	28,052	0
District of Columbia	231,590	140,372	5,374	3.69	4,613	- 15
Florida	4,740,685	3,313,466	588,913	15.09	522,637	- 11
Georgia	2,705,744	2,280,140	138,717	5.73	165,896	+ 19
Hawaii	535,000	405,127	11,067	2.66	13,469	+ 22
Idaho	617,504	484,086	1,082	.22	891	- 18
Illinois	6,028,022	4,825,706	50,909	1.04	46,665	- 8
Indiana	2,810,308	2,458,038	3,759	.15	4,530	+ 20
Iowa	1,592,789	1,554,512	2,621	.17	2,508	- 5
Kansas	1,310,797	1,310,501	40,847	3.02	58,333	+ 42
Kentucky	1,769,190	1,559,251	22,850	1.44	40,317	+ 77
Louisiana	1,721,817	1,218,446	107,105	8.08	285,095	+ 166
Maine	548,984	430,868	18,477	4.11	22,873	+ 24
Maryland	2,152,483	1,904,371	97,637	4.88	158,600(a)	+ 62
Massachusetts	3,106,120	1,895,931	622,021	24.70	858,682(b)	+ 38
Michigan	5,126,907	4,441,451	165,161	3.66	184,867	+ 12
Minnesota	1,911,108	2,039,296	21,849	1.06	22,639	+ 4
Mississippi	1,130,804	727,475	30,202	3.99	26,591	- 12
Missouri	2,281,383	2,186,684	31,776	1.43	33,036	+ 4
Montana	452,739	398,561	563	.14	438	- 22
Nebraska	834,953	850,412	748	.09	774	+ 4
Nevada	406,394	334,577	997	.30	469	- 53
New Hampshire	507,000	400,850	48,333	10.76	55,000(c)	+ 14
New Jersey	3,890,742	2,589,587	846,556	24.64	1,043,651	+ 23
New Mexico	585,610	487,798	1,369	.28	1,272	- 7
New York	6,701,049	5,141,182	721,659	12.31	818,166	+ 11
North Carolina	3,104,935	2,227,648	779,909	25.93	783,582(d)	0
North Dakota	340,815	392,163	1,012	.26	1,477	+ 46
Ohio	6,116,673	4,973,122	10,704	.21	8,824	- 17
Oklahoma	1,538,675	1,452,175	4,464	.31	3,454	- 23
Oregon	1,856,205	1,284,769	4,936	.38	2,267	- 54
Pennsylvania	6,870,000	5,107,962	379,968	6.92	394,812	+ 4
Rhode Island	499,436	352,679	24,892	6.59	31,791	+ 27
South Carolina	1,463,571	1,032,647	367,462	26.25	363,992(e)	- 1
South Dakota	359,000	378,023	511	.13	593	+ 17
Tennessee	2,214,000	1,777,923	70,141	3.80	75,735	+ 12
Texas	6,914,669	4,734,950	299,213	5.94	299,945	0
Utah	679,421	615,747	257	.04	170	- 34
Vermont	253,671	205,592	7,140	3.36	9,723	+ 46
Virginia	2,943,355	2,264,198	249,921	9.94	249,683	0
Washington	2,100,000	1,874,293	51,312	2.66	28,479	- 45
West Virginia	763,420	779,615	10,908	1.38	13,061	+ 20
Wisconsin	2,151,016	2,118,436	4,519	.21	4,129	- 9
Wyoming	221,870	232,764	604	.26	598	0
Countrywide	114,096,427	91,133,226	6,379,280	6.54	7,261,086	+ 14

(a) Insured Through State Fund. (b) All vehicles. (c) Estimated.
(d) Year ended June 30, 1978. (e) Year ended March 31, 1978.

Sources: Automobile Insurance Plans Service Office, Maryland Automobile Insurance Fund, Massachusetts Motor Vehicle Reinsurance Facility, New Hampshire Automobile Reinsurance Facility, North Carolina Reinsurance Facility, South Carolina Reinsurance Facility.

PREMIUM TAXES

Insurance companies—including life, health and property-liability companies—paid more than $2.67 billion in premium taxes to 50 states and the District of Columbia in 1978—an increase of 14.3 per cent over the 1977 total. Approximately 46 per cent of this amount was paid by property-liability companies.

Premium taxes are actually taxes on gross income, and as such amount to an additional form of taxation on policyholders. Additional payments were made to states for licenses and fees, property taxes, sales and use taxes, unemployment compensation taxes, and in a few states, income and franchise taxes. Premium taxes accounted for about 2.4 per cent of all taxes collected by the states during 1978.

Premium Taxes by State
1978

Alabama	$ 58,323,000	Montana	$ 12,738,000
Alaska	10,002,000	Nebraska	17,106,000
Arizona	23,720,000	Nevada	9,180,000
Arkansas	24,606,000	New Hampshire	10,092,000
California	387,603,000	New Jersey	74,610,000
Colorado	31,134,000	New Mexico	15,229,000
Connecticut	52,647,000	New York	203,840,000
Delaware	9,095,000	North Carolina	63,831,000
District of Columbia	12,667,000	North Dakota	7,457,000
Florida	90,638,000	Ohio	110,784,000
Georgia	57,457,000	Oklahoma	48,974,000
Hawaii	16,060,000	Oregon	28,065,000
Idaho	13,308,000	Pennsylvania	137,811,000
Illinois	85,376,000	Rhode Island	11,542,000
Indiana	51,114,000	South Carolina	32,840,000
Iowa	35,836,000	South Dakota	9,013,000
Kansas	28,557,000	Tennessee	53,194,000
Kentucky	49,927,000	Texas	17 433,000
Louisiana	61,487,000	Utah	14,223,000
Maine	10,370,000	Vermont	5,185,000
Maryland	48,670,000	Virginia	65,157,000
Massachusetts	103,226,000	Washington	35,734,000
Michigan	99,903,000	West Virginia	23,381,000
Minnesota	53,607,000	Wisconsin	39,209,000
Mississippi	30,846,000	Wyoming	5,729,000
Missouri	54,134,000		

Source: U.S. Bureau of Census, Department of Commerce.

COST OF OPERATING AN AUTOMOBILE

The cost of insurance is the second lowest of six major expense factors involved in owning and operating a car, according to the Federal Highway Administration. A study completed late in 1979 placed the cost of insurance at 2.4 cents a mile for standard size cars; 2.3 cents for compacts, and 2.2 cents for subcompacts. Since the last such study in 1976, total operating costs have increased at rates ranging from 37.4 per cent for standard size cars to 48.6 per cent for compacts. The FHA said the cost figures were computed for suburban Baltimore, Md., and would vary by area. The analysis assumes that each vehicle is driven 100,000 miles during a 10-year period.

The assumed insurance coverages are $50,000 combined public liability; full comprehensive, fire and theft; uninsured motorist, and personal injury protection with first-party medical and wage benefits of $2,500 for the full 10 years; $100 deductible collision insurance for the first five years. The personal injury protection is the form of "no-fault" insurance now compulsory in Maryland.

Cost of Operating an Automobile, Cents Per Mile

	Original Vehicle Cost Depreciated	Maintenance Accessories Parts & Tires	Gas & Oil (Excluding Taxes)	Garages Parking & Tolls	Insurance	State & Federal Taxes	Total Cost Per Mile
Standard Size	6.3c	5.5c	5.6c	3.2c	2.4c	1.6c	24.6c
Compact Size	5.2c	4.8c	4.9c	3.2c	2.3c	1.3c	21.7c
Subcompact Size	3.8c	4.1c	4.1c	3.2c	2.2c	1.1c	18.5c

Source: Federal Highway Administration, U.S. Department of Transportation.

INSURANCE AS A FACTOR IN HOME OWNERSHIP

While the cost of owning and maintaining a home has risen sharply in recent years, the cost of insurance has been a relatively minor contributing factor. Countrywide trends in the average costs of nine typical home ownership items, including a general reduction in property taxes in 1979, are reflected in the table below.

Trends in Typical Expenses of Home Ownership

	Percentage Change 1967-June, 1979	Percentage Change June, 1978-June, 1979		Percentage Change 1967-June, 1979	Percentage Change June, 1978-June, 1979
Home purchase	120.9	13.1	Maintenance & repair commodities	104.4	8.8
Property taxes	81.3	- 6.0	Fuel oil, coal & bottled gas	291.2	32.6
Property insurance	81.8	8.9	Gas & electricity	159.9	9.9
Maintenance & repairs	155.5	10.2	Water & sewerage maintenance	143.1	5.4
Maintenance & repair services	177.4	10.6			

Source: Bureau of Labor Statistics, U.S. Department of Labor.

facts about losses 3

A SUMMARY OF LOSSES

Natural and man-made perils — such as fire, windstorms, accidents on and off the highways and crime — take a steadily increasing toll of life and property, with a staggering economic loss to the nation. Most of these losses have a direct impact on insurance claims — and an indirect impact on insurance rates.

FIRE LOSSES

Fire losses in the United States in 1978 were estimated at a record $4,008,000,000, an increase of 6.5 per cent over the 1977 total.

Studies by the National Fire Protection Association, based on data reported by public fire services and excluding adjustments for unreported losses, showed that in 1978:

- Every day an average of about 3,100 fires occurred in buildings in the United States.
- About every 41 seconds, on the average, fire broke out in a home.
- Residential fires accounted for 67 per cent of the nation's building fires and 48.4 per cent of all dollar fire losses.

In addition, fires took an estimated 6,300 lives in 1978, down from 6,600 in 1977, according to the National Safety Council.

The problem of arson continues to be a major concern, with insured losses from incendiarism in 1978 estimated by the American Insurance Association to be as much as $1.5 billion.

ACCIDENT LOSSES

Accidents, the fourth leading cause of death, claimed an estimated 104,500 lives in the United States in 1978. Only heart disease, cancer and strokes take more lives.

AUTOMOBILE ACCIDENTS

The number of traffic fatalities in the United States rose about 4 per cent in 1978, to 51,500 from the 49,510 recorded in 1977. The number of accidents was up 3.8 per cent from 26,716,000 to 27,742,000, and injuries rose 4 per cent from 5,575,000 to 5,798,000.

Continuing escalation in the costs of such services as auto repairs and medical and hospital care pushed the overall cost of highway accidents to a record $52.6 billion, some 10.3 per cent higher than the 1977 total.

About 83 per cent of all traffic accidents in 1978 were reported to involve improper driving. Excessive speed was listed as a factor in about 32 per cent of all fatal accidents and 17 per cent of the total accidents. About 50 per cent of the fatal accidents involved drinking drivers.

Although only 21.9 per cent of the nation's drivers are under age 25, motorists age 24 and younger in 1978 comprised 38.2 per cent of the drivers involved in fatal accidents.

OTHER ACCIDENTS

Accidents in the home accounted for 23,000 deaths in 1978, a 1 per cent decrease from the 1977 total.

Work accidents took about 13,000 lives, a slight increase over the 1976 toll. The number of work injuries was estimated at 2.2 million, slightly lower than in the previous year. Dollar losses resulting from work accidents rose from $18.6 billion to an estimated $21.2 billion.

Accidents involving commercial or private aircraft killed an estimated 1,709 persons in 1978.

Boating accidents took 1,321 lives, injured 1,761 persons and resulted in property damage of $12.3 million.

CRIME LOSSES

In 1978, the nation's overall crime rate increased about 1 per cent, according to the Federal Bureau of Investigation. The FBI reported a 1.5 per cent increase in the number of crimes against property, with larceny up 1.3 per cent, burglary up 1.7 per cent, auto theft up 2.4 per cent, and robbery up 3.0 per cent.

MISCELLANEOUS

Forty-one times during 1978, wind or hail storms, floods or other catastrophes causing property damage in excess of $1 million each struck various areas of the country, resulting in insured losses estimated at $643,263,900.

The most costly single catastrophe resulted from a storm involving wind, ice and flooding which swept across 30 states and the District of Columbia Jan. 25-28, causing insured losses of $79 million.

FIRE LOSSES

Fire losses in the United States in 1978 were estimated at a record $4,008,000,000, about 6.5 per cent greater than the 1977 total. The per capita fire loss jumped from $17.36 to a new high of $18.34. While the trend of fire losses has been generally upward over the years, the ratio of such losses to the aggregate value of property subject to such losses has been declining for many years as a result of countrywide fire prevention efforts.

**U.S. Fire Losses*
1875-1977**

Year	Property Loss	Year	Property Loss	year	Property Loss
1875	$ 78,102,000	1950	$ 648,909,000	1971	$2,316,000,000
1885	74,643,000	1960	1,107,824,000	1972	2,304,000,000
1890	108,994,000	1965	1,455,631,000	1973	2,639,000,000
1900	160,930,000	1966	1,496,755,000	1974	3,190,000,000
1910	214,003,000	1967	1,706,717,000	1975	3,560,000,000
1920	447,887,000	1968	1,829,922,000	1976	3,558,000,000
1930	501,981,000	1969	1,952,022,000	1977	3,764,000,000
1940	286,491,000	1970	2,328,000,000	1978	4,008,000,000

**Including allowances for uninsured and unreported losses.*

Source: Insurance Services Office.

FIRE FATALITIES

Fires in the United States killed an estimated 6,300 persons in 1978, according to a preliminary National Safety Council estimate. The figure was down 1 per cent from the 1977 toll of 6,357. The Council said approximately 5,100 or 81 per cent, of the victims perished in residential fires.

Highest death rate by fire is among persons 65 years of age and older. The death rate among children under 5 years of age is the second highest. The fire fatality rate for the older group declined in 1978 for the second consecutive year, according to the National Safety Council. Rates shown below are deaths per 100,000 population in each age group resulting from burns, asphyxiation or being struck by falling objects during fires.

Deaths per 100,000

Ages	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978
0-4	5.8	4.9	5.4	5.0	5.1	4.8	4.7	5.4	5.0	6.2
5-14	1.6	1.5	1.5	1.6	1.3	1.5	1.5	1.6	1.5	1.6
15-24	1.2	1.1	1.1	1.2	1.3	1.3	1.3	1.4	1.2	1.3
25-44	2.2	2.1	2.1	2.0	2.0	1.8	1.8	1.7	1.9	1.7
45-64	4.7	4.4	4.2	4.1	4.0	3.7	3.7	3.5	3.4	3.4
65 and over	10.6	10.2	10.0	9.7	8.8	8.3	7.5	8.1	7.9	7.3

Source: National Safety Council.

LEADING CAUSES OF FIRES

Smoking is the leading cause of residential fire deaths and injuries, but the greatest dollar losses result from fires of an incendiary or suspicious nature, according to the National Fire Data Center of the U.S. Fire Administration. Cooking-related incidents cause a greater number of home fires than any other single factor. The findings, reported in December, 1978, were based on a study of reported fires in Ohio and California and in seven cities with comparable data systems, and may not be representative of the entire United States, the data center noted.

Incendiary and suspicious fires are identified as the number one problem for non-residential buildings. They account for 20 per cent to 25 per cent of non-residential fires, deaths, injuries and dollar losses.

Causes of Reported Fires*

	Residential				Non-Residential
	Fires %	Deaths %	Injuries %	Dollar Loss %	Fires %
Cooking	18	9	13	7	5
Smoking	13	29	18	11	8
Heating	13	8	12	14	5
Incendiary/Suspicious	11	6	12	16	24
Electrical Distribution	7	4	7	12	11
Appliances	7	3	5	4	5
Children Playing	5	2	6	4	3
Open Flame, Spark	5	3	4	4	8
Exposure	3	0.2	2	4	5
Flammable Liquids	0.9	0.8	1.8	1.0	3
Explosives, Fireworks	0.7	0	0.5	0.4	0.3
Air Cond., Refriger.	0.7	0.4	0.3	0.6	1.3
Natural	0.9	0.2	0.6	0.9	2
Gas	0.3	0.4	1.4	0.8	0.7
Other Equipment	0.4	0	0.2	0.4	4
Other Heat	2	3	1.7	1.8	2
Unknown Cause	10	31	14	19	13

**Based on a study of reported fires in California (1975) and Ohio (1976).*

Source: National Fire Data Center, U.S. Fire Administration, U.S. Department of Commerce.

FIRES BY TYPE OF STRUCTURE

Fires in residential occupancies accounted for about 67 per cent of all structural fires in the United States during 1978, according to the National Fire Protection Association. Residential fires resulted in 53.9 per cent of the property damage in structural fires and some 48.4 per cent of the nation's total fire losses. NFPA said that of an estimated 3,070,597 fires, 1,130,227 occurred in structures and caused almost 90 per cent of the total property damage.

Structural Fires by Types of Use, 1978*

Property Use		Estimated Number of Fires	Percentage of Total	Percentage of Dollar Loss
Public assembly		33,897	3.0	5.2
Educational		24,062	2.1	2.4
Institutional		40,547	3.6	.4
Residential		757,525	67.0	53.9
One- and two-family dwellings**	623,233			
Apartments	108,912			
Hotels, motels	13,129			
Other residential	12,251			
Stores and offices		76,553	6.8	12.0
Industry, utility, defense		65,996	5.8	16.0
Storage		63,209	5.6	7.9
Other structures		68,438	6.1	2.2

**Based on data reported by fire departments responding to the 1978 National Fire Experience Survey; not adjusted for unreported fires.*

***Includes mobile homes.*

Source: National Fire Protection Association estimates.

THE ARSON PROBLEM

Incendiary or suspicious fires are taking hundreds of lives and causing property damage estimated at well in excess of a billion dollars each year. The National Fire Protection Association estimates that incendiary fires in buildings caused 914 deaths and more than $631 million in property losses in 1978, with structural fires of suspicious origin and incendiary or suspicious vehicular fires taking another 495 lives and resulting in damage of some $456 million.

An even higher appraisal of the dollar loss is that of the American Insurance Association, which says incendiary fires may have cost insurers more than $1.5 billion in 1978.

To combat the spreading arson problem, the insurance industry is working throughout the country with task forces made up of investigators, police and fire officials, judges, prosecutors and other concerned citizens. Among the goals of an insurance All-Industry Committee for Arson Control is passage of state laws tightening penalties for arson and laws permitting insurers and law enforcement agencies to exchange information freely in the course of arson investigations without fear of legal reprisal. As of late 1979, 32 states had enacted arson immunity statutes.

MAJOR FIRES — I

(FIRES CAUSING EXTENSIVE PROPERTY DAMAGE)

In the 19th Century and the early years of the 20th Century, major portions of many American cities were destroyed by fire. Largest and best known were the great Chicago fire of 1871 and the San Francisco earthquake-fire of 1906. These early-day conflagrations are listed in the first part of the table below.

Also tabulated below are the results of more recent fires in the United States, through 1977, each of which caused damage estimated at $7,000,000 or more, and fires during 1978 which resulted in damage of $3,500,000 or more. Government property, ocean marine, aircraft, automobile, forest and mine fires, together with explosions, are excluded.

Early Conflagrations

Year	Date	Location	Property Destroyed	Estimated Loss
1820	Jan. 11	Savannah, Georgia	463 buildings	$ 4,000,000
1835	Dec. 16	New York, New York	Buildings covering 13 acres	15,000,000
1838	Apr. 27	Charleston, South Carolina	1,158 buildings (half of city)	3,000,000
1845	Apr. 10	Pittsburgh, Pennsylvania	1,100 buildings	3,500,000
1851	May 3-5	San Francisco, California	2,500 buildings	17,000,000
1851	May 4	St. Louis, Missouri	2,500 buildings	11,000,000
1861	Dec. 1	Charleston, South Carolina	Most of city destroyed by fire	10,000,000
1866	July 4	Portland, Maine	Firecracker starts fire; 1,500 buildings destroyed	10,000,000
1871	Oct. 8-10	Chicago, Illinois	17,430 buildings	175,000,000 *
1872	Nov. 9	Boston, Massachusetts	776 buildings	75,000,000
1901	May 3	Jacksonville, Florida	1,700 buildings	11,000,000
1904	Feb. 7	Baltimore, Maryland	80 city blocks in business section	50,000,000
1906	April 18	San Francisco, California	28,000 buildings	350,000,000 **
1908	April 12	Chelsea, Massachusetts	3,500 buildings	12,000,000
1914	June 25	Salem, Massachusetts	1,600 buildings	14,000,000
1916	Mar. 21	Paris, Texas	1,440 buildings	11,000,000
1916	Mar. 22	Augusta, Georgia	682 buildings	4,250,000
1917	May 21	Atlanta, Georgia	1,938 buildings	5,500,000

1941-1978

Year	Location	Property Destroyed	Estimated Loss
1941	Fall River, Massachusetts	Rubber plant, warehouses	$11,000,000
1947	Bar Harbor, Maine	Business, residential area	7,000,000
1951	Evansville, Indiana	Business, connercial area	7,500,000
1953	Livonia, Michigan	Auto transmission plant	50,000,000
1954	Pekin, Illinois	Distillery, warehouse	7,100,000
1955	Whiting, Indiana	Petroleum refinery	20,000,000
1955	Manville, Rhode Island	Electrical appliance factory	7,800,000

See also Major Fires—II, page 42.
**See also Major Fires—II, page 42, and Earthquakes in the United States, page 43.*

Major Fires—I (continued)

Year	Location	Property Destroyed	Estimated Loss
1956	Brooklyn, New York	Pier (fire and explosion)	$ 7,600,000
1957	Butler, New Jersey	Rubber reclaiming plant	14,000,000
1958	Signal Hill, California	Oil refinery	9,000,000
1959	Roseburg, Oregon	Forty block area	9,300,000
1960	Clifton, New Jersey	Textile printing plant	8,000,000
1961	Los Angeles, California	Residential area	25,000,000
1962	Brandenburg, Kentucky	Chemical plant	8,000,000
1963	Plaquemine, Louisiana	Chemical plant	9,000,000
1963	Bayonne, New Jersey	Factory area	10,500,000
1964	Pascagoula, Mississippi	Ship fabricating plant	15,000,000
1964	Jersey City, New Jersey	Piers and wharves	10,000,000
1964	Attleboro, Massachusetts	Chemicals	7,700,000
1964	Dallas, Texas	Department store	7,000,000
1965	Arabi, Louisiana	Sugar refinery	7,500,000
1965	Near Louisville, Kentucky	Chemical plants	10,000,000
1965	Freeport, Florida	Space tracking station	13,800,000
1965	Elgin AFB, Florida	Manufacturing plant	15,000,000
1966	Long Beach, California	Ground fire, aircraft	7,000,000
1967	Rossville, Georgia	Textile plants	15,000,000
1967	Chicago, Illinois	Exhibition hall	31,000,000
1967	Lake Charles, Louisiana	Oil refinery	38,500,000
1968	Taft, Louisiana	Chemicals	7,848,000
1968	Bondsville, Massachusetts	Tenanted mill buildings	10,000,000
1969	Webster, Massachusetts	Industrial complex	10,000,000
1969	Golden, Colorado	Atomic Energy Commission plant	45,000,000
1969	Boston, Massachusetts	Grocery warehouse	15,000,000
1969	Elizabeth, Louisiana	Paper company and other buildings	7,200,000
1969	Texas City, Texas	Chemical complex	30,000,000
1970	Milford, Connecticut	Furniture storage and terminal building	8,000,000
1970	Plymouth, Pennsylvania	Shopping center	8,000,000
1970	Destrehan, Louisiana	Grain elevator	11,924,000
1970	Linden, New Jersey	Oil refinery, nearby buildings	50,000,000
1970	Shelocta, Pennsylvania	Electric power station	8,187,000
1971	Morris, Illinois	Chemical plant	8,200,000
1971	Lorain, Ohio	Ship in repair facility	10,000,000
1971	San Antonio, Texas	Auto parts distributor	9,000,000
1971	Emporia, Virginia	Sawmill	9,000,000
1971	Le Moyne, Alabama	Textile plant	7,018,000
1971	Longview, Texas	Photographic plant	8,814,000
1972	East St. Louis, Illinois	Railroad property	7,500,000
1972	Columbus, Ohio	Livestock buildings, state fairgrounds	8,000,000
1973	Pryor, Oklahoma	Industrial park	15,000,000
1973	New York, New York	Gas storage tank	13,000,000
1973	Roseville, California	Railcars containing explosives, etc.	9,000,000
1973	Chicago, Illinois	Ink manufacturer and exposures	41,000,000
1973	Danielson, Connecticut	Textile warehouse	13,321,000
1973	Bristol, Connecticut	Ball bearing factory	10,000,000
1974	Cloudcroft, New Mexico	Forest and buildings	16,000,000
1974	Manhattan, New York	Office building	10,000,000
1974	Radford, Virginia	Munitions manufacturer	11,000,000
1974	Carteret, New Jersey	Shopping center	10,000,000
1974	Galveston, Texas	Storage facility	9,575,000
1974	Decatur, Illinois	Railroad yard	24,000,000
1974	Wenatchee, Washington	Railroad yard	7,000,000
1974	Woodfin, South Carolina	Furniture manufacturer	10,000,000
1974	Atlantic City, New Jersey	Boat storage and marina	7,165,000

Major Fires—I (continued)

Year	Location	Property Destroyed	Estimated Loss
1974	Lodi, New Jersey	Paper warehouse	$ 7,000,000
1974	Beaumont, Texas	Hazardous chemical manufacturer	16,050,000
1975	New York, New York	Telephone central office	56,500,000
1975	Shelton, Connecticut	Foam rubber manufacturing plant	24,000,000
1975	Browns Ferry, Alabama	Nuclear electric generating plant	10,000,000
1975	Miami, Florida	Paper box manufacturing plant	7,000,000
1975	Philadelphia, Pennsylvania	Oil refinery	13,000,000
1975	Philadelphia, Pennsylvania	Trolley car storage complex	25,000,000
1975	West Pittston, Pennsylvania	Newspaper publishing firm	8,000,000
1976	Galena Park, Texas	Grain elevator	42,000,000
1976	Marion, North Carolina	Furniture manufacturer	16,200,000
1976	Los Angeles, California	Oil tanker	10,000,000
1976	Tinnicum Township, Pennsylvania	Multi-tenant industrial complex	10,000,000
1976	Bethane, South Carolina	Food processor	9,000,000
1976	Anderson, California	Plywood manufacturer	9,000,000
1976	Denver, Colorado	Laboratory	8,400,000
1976	Austin, Texas	School	8,000,000
1976	Waltham, Massachusetts	Computer facility	7,000,000
1976	Sacramento, California	Wood chip pile	7,000,000
1977	Fairbanks, Alaska	Pumping station	40,000,000
1977	Santa Barbara, California	Brush & homes	20,000,000
1977	Westwego, Louisiana	Grain elevator	30,000,000
1977	Los Almos, New Mexico	Brush	24,800,000
1977	Galveston, Texas	Grain elevator	24,000,000
1977	Farmington, New Mexico	Electric generating plant	24,000,000
1977	Holmes, Pennsylvania	Iron and steel manufacturing plant	20,000,000
1977	Dallas, Texas	Electric generating plant	15,000,000
1977	Homewood, Illinois	Grandstand	15,000,000
1977	Cherry Hill, New Jersey	Grandstand	12,055,000
1977	Worcester, Massachusetts	General storage warehouse	8,000,000
1977	Bridgeman, Michigan	Plastic product storage	7,005,000
1978	Los Angeles, California	Brush	38,166,000
1978	Bensenville, Illinois	General warehouse	25,000,000
1978	Des Moines, Iowa	Department store	25,000,000
1978	Commerce City, Colorado	Refinery	20,000,000
1978	West Palm Beach, Florida	Jai alai fronton	12,000,000
1978	Grand Blanc, Michigan	Auto parts warehouse	10,000,000
1978	Rocky Mount, Virginia	Manufacturing plant	10,000,000
1978	Stickney, Illinois	Grandstand	10,000,000
1978	Little Rock, Arkansas	Furniture manufacturing plant	9,000,000
1978	Springfield, Kentucky	Tobacco products warehouse	9,000,000
1978	San Diego, California	Aero-space museum	7,000,000
1978	Crookston, Minnesota	Potato processing plant	6,200,000
1978	Los Angeles, California	Brush	5,198,000
1978	Atlantic City, New Jersey	Businesses on boardwalk	5,000,000
1978	Houston, Texas	Apartment complex	4,623,900
1978	Tampa, Florida	Instrument manufacturing plant	4,500,000
1978	Lodi, California	Food processing plant	4,000,000
1978	Anaconda, Minnesota	Ore conveyor	4,000,000
1978	Bakersfield, California	Lumberyard	4,000,000
1978	Houston, Texas	General warehouse	3,528,000
1978	Lakeland, Florida	Drug store	3,500,000

Sources: National Fire Protection Association; American Insurance Association.

MAJOR FIRES — II

(FIRES RESULTING IN HEAVY LOSS OF LIFE*)

The nation's most tragic fire of 1978 in terms of loss of life was a hotel blaze in Kansas City, Mo., in which 20 persons died on Jan. 28. Of 286 fires in which three or more persons lost their lives, 253 occurred in residential structures, according to the National Fire Protection Association.

Place	Date	Deaths
Peshtigo, Wis., and environs	Oct. 8, 1871	1,152
New York, N.Y., SS General Slocum	June 15, 1904	1,030
Chicago, Ill., Iroquois Theatre	Dec. 30, 1903	602
Cloquet, Minn., and environs	Oct. 12, 1918	559
San Francisco, Calif., earthquake fire	Apr. 18, 1906	500**
Boston, Mass., Cocoanut Grove Night Club	Nov. 28, 1942	492
Hinckley, Minn., and environs	Sept. 1, 1894	413
Hoboken, N.J., North German Lloyd Steamship pier and ships	June 30, 1900	326
Columbus, Ohio, State Penitentiary	Apr. 21, 1930	320
Brooklyn, N.Y., Conway's Theatre	Dec. 5, 1876	283
Chicago, Ill., Great Fire	Oct. 8, 1871	250†
Natchez, Miss., Rhythm Club Dance Hall	Apr. 23, 1940	207
Collinwood, Ohio, Lakeview School	Mar. 4, 1908	175
Boyertown, Pa., Rhoades Opera House	Jan. 12, 1903	170
Hartford, Conn., Circus	July 6, 1944	168
Southgate, Ky., Supper Club	May 28, 1977	165
New York, N.Y., Triangle Shirtwaist Co.	Mar. 25, 1911	145
Asbury Park, N.J., SS Morro Castle	Sept. 8, 1934	134
Cleveland, Ohio, Cleveland Clinic Hospital	May 15, 1929	125
South Holyoke, Mass., French Catholic Church	May 27, 1875	120
Atlanta, Ga., Winecoff Hotel	Dec. 7, 1946	119
Quonset Pt., R.I., USS Bennington Aircraft Carrier	May, 1954	106
Chicago, Ill., Our Lady of the Angels School	Dec. 1, 1958	95
Beulah, S.C., Cleveland School	May 17, 1923	77
Indianapolis, Ind., State Fairgrounds Coliseum	Oct. 10, 1963	74
Effingham, Ill., St. Anthony Hospital	Apr. 4, 1949	74
Warrenton, Mo., Katie Jane Nursing Home	Feb. 17, 1957	72
Milwaukee, Wis., Newhall House (hotel)	Jan. 10, 1883	71
Fitchville, Ohio, Golden Age Nursing Home	Nov. 23, 1963	63
Chicago, Ill., LaSalle Hotel	June 5, 1946	61
Gainesville, Ga., Pruitt Hardware Co.	Apr. 6, 1936	57
Houston, Tex., Gulf Hotel	Sept. 7, 1943	54
Searcy, Ark., Titan Missile Base (Silo)	Aug. 9, 1965	53
Brockton, Mass., Grover & Co., Shoe Factory	Mar. 20, 1905	50
Brooklyn, N.Y., USS Constellation	Dec. 19, 1960	50
Pittsburgh, Pa., Home for the Aged	July 24, 1931	48
New York, N.Y., Windsor Hotel	Mar. 17, 1899	45
Scituate, Mass., SS Fairfax and tanker Pinthis	June 10, 1930	45
Cuyahoga Falls, Ohio, Pennsylvania Railroad, following train collision	July 31, 1940	43
Columbia, Tenn., Maury County jail	June 26, 1977	42
Davenport, Iowa, Mercy Hospital	Jan. 7, 1950	41
Silver Lake, Ore., Christmas festival	Dec. 29, 1894	40

**Does not include mine disasters, airplane crashes or explosions.*

***See also Major Fires—I, page 39, and Earthquakes in the United States, page 43.*

†*See also Major Fires—I, page 39.*

Source: National Fire Protection Association, American Insurance Association.

EARTHQUAKES IN THE UNITED STATES

Although much of the nation's seismic activity is centered along the Pacific Coast and in Nevada, every state is vulnerable to and has felt the effects of earthquakes. The San Francisco earthquake of April 18, 1906, which touched off fires that nearly razed the city and took an estimated 500 lives, was the most catastrophic yet recorded in the United States. In the East, the greatest shock was experienced in Charleston, S.C., on August 31, 1886, and resulted in 60 deaths and $23 million in property damage. Although insurance against earthquake damage is generally available, relatively few property owners have taken advantage of the protection it offers.

Earthquakes which have caused $1 million or more damage in the United States are listed below. The first such earthquake in three years caused more than $7 million damage in the Santa Barbara, Calif. area on August 13, 1978.

Major U.S. Earthquakes

year	Locality	Damage
1886	Charleston, S.C.	$ 23,000,000
1898	Mare island, Calif.	1,400,000
1906	San Francisco, Calif.	24,000,000
	Fire Loss	350,000,000*
1925	Santa Barbara, Calif.	8,000,000
1933	Long Beach, Calif.	40,000,000
1935	Helena, Mont.	4,000,000
1940	Imperial Valley, Calif.	6,000,000
1941	Torrance-Gardena, Calif.	1,000,000
1944	Cornwall, Canada-Massena, N.Y.	2,000,000
1946	Hawaii (tsunami damage from earthquake in Aleutians)	25,000,000
1949	Puget Sound, Wash.	25,000,000
1949	Terminal island, Calif. (oil wells only)	9,000,000
1951	Terminal Island, Calif. (oil wells only)	3,000,000
1952	Kern County, Calif.	60,000,000
1954	Eureka-Arcata, Calif.	2,100,000
1954	Wilkes-Barre, Pa.	1,000,000
1955	Terminal Island, Calif. (oil wells only)	3,000,000
1955	Oakland-Walnut Creek, Calif.	1,000,000
1957	Hawaii (tsunami damage from earthquake in Aleutians)	3,000,000
1957	San Francisco, Calif.	1,000,000
1959	Hebgen Lake, Mont. (damage to timber and roads)	11,000,000
1960	Hawaii and west coast of United States (tsunami damage from earthquake off the coast of Chile)	25,500,000
1961	Terminal Island, Calif. (oil wells only)	4,500,000
1964	Alaska and west coast of United States (tsunami damage from earthquake near Anchorage, Alaska)	500,000,000
1965	Puget Sound, Wash.	12,500,000
1969	Santa Rosa, Calif.	6,000,000
1971	San Fernando, Calif.	553,000,000
1973	Oxnard, Calif.	1,000,000
1973	Hilo, Hawaii	5,600,000
1975	Southeastern Idaho	1,000,000
1975	Oroville, Calif.	3,200,000
1975	Island of Hawaii (earthquake and tsunami damage)	4,100,000
1978	Santa Barbara-Goleta, Calif.	7,300,000

*See also *Major Fires—I, page 39* and *Major Fires—II, page 42*.

Source: National Geophysical and Solar-Terrestrial Data Center.

THE CATASTROPHE RECORD, 1974-78*

To facilitate the payment of claims and to help property owners restore order in the wake of hurricanes and other perils which produce extensive, widespread damage, the property-liability insurance companies have catastrophe procedures which are put into effect when the total insured loss is expected to exceed—as a rule of thumb—$1 million. Major hurricanes and tropical storms and other catastrophes resulting in insured losses in excess of $20 million each from 1974 through 1977, and all recorded catastrophes in 1978 are listed below. The estimates are based on data reported to the American Insurance Association and Insurance Services Office and cover insurance losses only, not total property damage.

The largest catastrophic insurance loss on record resulted from Hurricane "Betsy" which struck Florida, Louisiana and Mississippi in September, 1965, causing insured damage of $715 million.

	Date	Place	Catastrophe	Estimated Loss Payments**
1974	April 2-5	Alabama, Arkansas, Kentucky, Georgia, Illinois, Indiana, Mississippi, North Carolina, Ohio, Oklahoma, Tennessee, Texas, Virginia, Michigan, Missouri, South Carolina, West Virginia	Wind, Hail, Tornadoes	$430,566,000
	May 22-26	Oklahoma, Kansas, Texas	Wind and Hail	23,640,000
	June 8-9	Oklahoma, Kansas	Wind, Hail, Tornadoes	47,512,400
	June 18-21	Iowa, Minnesota, Wisconsin, Illinois, Indiana	Wind, Hail, Tornadoes	20,191,000
1975	Feb. 22-24	Oklahoma, Arkansas, Alabama, Georgia	Wind, Hail, Tornadoes, Sleet, Snow	26,082,800
	Mar. 22-24	Mississippi, Tennessee, Georgia	Wind, Hail, Tornadoes, Floods	69,345,100
	May 6-9	Nebraska, Iowa, Missouri, Arkansas, Texas, Louisiana, Missippi	Wind, Hail, Tornadoes, Floods	80,566,500
	May 22-24	Texas	Wind, Hail, Tornadoes, Floods	23,007,800
	Sept. 16-26	Puerto Rico, Florida, Alabama, Georgia, Tennessee, West Virginia, Virginia, Maryland, Delaware, District of Columbia, Pennsylvania, New Jersey, New York, Massachusetts, Connecticut, Rhode Island	Hurricane & Tropical Storm "Eloise"	119,188,500

**Excludes fire catastrophes listed elsewhere in this book.*

***Total estimated insurance losses.*

The Catastrophe Record (continued)

	Date	Place	Catastrophe	Estimated Loss Payments
1976	Mar. 19-21	Michigan, Illinois, Indiana, Ohio, Missouri, Kentucky, Mississippi, Alabama, Pennsylvania, New York, Delaware, New Jersey, Maryland, District of Columbia	Wind, Hail, Tornado,	$ 34,523,500
	May 21-27	Texas, New Mexico	Wind, Hail, Tornadoes	27,863,900
	May 28-June 2	Wyoming, Nebraska, Kansas, Oklahoma, Texas, New York, Pennsylvania, New Jersey	Wind, Hail, Tornadoes, Flooding	24,705,000
	June 6-17	Montana, North Dakota, Nebraska, Iowa, Minnesota, Wisconsin, Illinois, Texas	Wind, Hail, Tornado, Flooding	32,190,000
	Aug. 8-10	New Jersey, New York, Connecticut, Massachusetts	Hurricane and Tropical Storm "Belle"	22,696,640
1977	Jan. 8-11	Texas, Oklahoma, Arkansas, Louisiana, Connecticut, Rhode Island, Massachusetts, new Hampshire, Maine, Vermont	Wind, Tornadoes, Ice, Snow, Freeze, Flooding	22,500,000
	Jan. 17-19	Missouri, Illinois, Kentucky, Tennessee, Mississippi, Alabama, Georgia, Florida, South Carolina, North Carolina, Virginia, West Virginia, Pennsylvania, New York	Ice, Snow, Freeze	27,000,000
	Jan. 27-29	Illinois, Indiana, Michigan, Ohio, Pennsylvania, West Virginia, Maryland, New Jersey, New York	Wind, Ice, Snow, Freeze	23,850,000
	Apr. 3-5	Texas, Mississippi, Alabama, Georgia, Kentucky, West Virginia, Virginia, Pennsylvania	Wind, Hail, Tornadoes, Flooding	24,730,200
	May 4-5	Kansas, Nebraska, Missouri, Iowa, Illinois	Wind, Hail, Tornadoes	23,754,500
	July 13-14	Metropolitan New York City	Fires, Riot and/or Civil Disorders	28,000,000
	July 19-20	Pennsylvania	Wind and Flooding	42,560,000
	Sept. 11-13	Nebraska, Kansas, Missouri, New Mexico	Wind, Hail, Tornadoes, Flooding	22,200,000
	Nov. 6-9	Georgia, North Carolina, Virginia, Maryland, Delaware Pennsylvania, New Jersey, New York	Wind and Flooding	32,000,000
1978	Jan. 7-9	Arkansas, Tennessee, Florida	Wind, Hail, Tornadoes Flooding	12,000,000
	Jan. 13-16	Connecticut, Rhode Island, New Jersey, New York	Wind, Snow, Ice, Freezing	6,000,000
	Jan. 15	Auburn, Ala.	Explosion and Fire	1,500,000
	Jan. 14-16	California	Wind and Flooding	4,000,000
	Jan. 17-21	Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, Massachusetts	Wind, Snow, Ice, Freezing	20,000,000
	Jan. 25-28	30 states and District of Columbia	Wind, Hail, Tornado, Ice, Snow, Flooding, Freezing	79,000,000

The Catastrophe Record (continued)

	Date	Place	Catastrophe	Estimated Loss Payments
1978	Feb. 5-6	California	Wind, Hail, Tornadoes	$ 6,000,000
	Feb. 5-8	Maryland, Delaware, Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, Vermont, Massachusetts, New Hampshire, Maine	Wind, Snow, Ice, Freezing, Flooding	51,497,500
	Feb. 9-12	California	Wind, Tornadoes, Flooding	10,700,000
	Mar. 20-21	Oklahoma, Texas	Wind and Hail	4,190,000
	Mar. 24-26	Missouri, Illinois, Indiana	Wind, Hail, Ice, Flooding	5,000,000
	Apr. 7-10	Nebraska, Kansas, Oklahoma, Texas	Wind, Hail, Tornadoes	26,515,000
	Apr. 17-20	Oklahoma, Arkansas, Louisiana, Mississippi, Alabama, Florida, Georgia	Wind, Hail, Tornadoes	7,500,000
	Apr. 22-24	Texas, Arkansas	Wind, Hail, Tornadoes	34,015,000
	Apr. 29-May 5	Texas, Oklahoma, Kansas Missouri, Arkansas, Mississippi, Alabama, Tennessee, Georgia, Louisiana, Florida	Wind, Hail, Tornadoes, Flooding	69,037,000
	May 8-9	Georgia	Wind, Hail, Tornadoes	4,000,000
	May 11-14	Kansas, Texas, Louisiana, Mississippi, Missouri, Kentucky	Wind, Hail, Tornadoes	9,416,000
	May 18-22	Oklahoma, Texas	Wind, Hail, Tornadoes	3,000,000
	May 24-28	Texas, Oklahoma	Wind, Hail, Tornadoes, Flooding	3,500,000
	May 30-31	Nebraska, Kansas	Wind, Hail, Tornadoes	3,000,000
	June 2-6	Colorado, Texas, New Mexico	Wind, Hail, Tornadoes	17,912,500
	June 10	Fostoria, Ohio	Explosion and Fire	2,500,000
	June 15-19	Wyoming, North Dakota, South Dakota, Nebraska, Iowa, Wisconsin, Indiana	Wind, Hail, Tornadoes	39,315,000
	June 20-26	Oklahoma, South Dakota, Nebraska, Iowa, Illinois, Indiana, Michigan	Wind, Hail, Tornadoes, Flooding	62,100,000
	July 4-6	North Dakota, Nebraska, Iowa, Minnesota, Wisconsin	Wind, Hail, Tornadoes	5,000,000
	July 9-10	Wyoming, Colorado	Wind, Hail, Tornadoes	20,800,000
	July 18-21	Montana, Wyoming	Wind and Hail	19,450,000
	July 23-24	Pennsylvania	Wind and Hail	2,000,000
	July 31-Aug. 1	Wyoming	Wind and Hail	9,507,500
	Aug. 2-6	Texas	Wind and Flooding	6,174,000
	Aug. 12	New York	Windstorm	1,500,000
	Aug. 19-20	Michigan	Wind, Tornado, Flooding	5,000,000
	Aug. 28-29	Colorado, Mississippi, Tennessee	Wind, Hail, Tornado	6,277,000
	Sept. 11-15	North Dakota, South Dakota, Nebraska, Texas, Arkansas, Louisiana	Wind, Hail, Tornado, Flooding	12,640,000
	Sept. 16-17	Iowa	Wind, Hail, Tornado	2,500,000
	Oct. 23-25	California	Fires	15,625,000
	Nov. 5	Des Moines, Iowa	Explosion and Fire	20,000,000
	Nov. 3-4	New Mexico	Wind and Hail	4,000,000
	Dec. 2-3	Louisiana, Mississippi, Arkansas	Wind, Hail, tornado	25,642,400
	Dec. 8-12	Kentucky, West Virginia, Florida	Flooding and Windstorm	2,000,000
	Dec. 18-21	Arizona, New Mexico	Flooding	3,000,000

Source: American Insurance Association.

HURRICANES REACHING THE UNITED STATES

In the last half century, 82 hurricanes have reached the continental United States, leaving in their wake 3,000 dead. Although no hurricanes reached the U.S. in 1978, some 33 deaths were reported as a result of a tropical storm which produced extreme rainfall over central Texas in July.

Year	Hurricanes	Deaths*	Year	Hurricanes	Deaths*	Year	Hurricanes	Deaths*
1929	2	3	1946	1	0	1963	1	11
1930	0	0	1947	3	53	1964	4	49
1931	0	0	1948	3	3	1965	1	75
1932	2	0	1949	2	4	1966	2	54
1933	5	63	1950	3	19	1967	1	18
1934	3	17	1951	0	0	1968	1	9
1935	2	414	1952	1	3	1969	2	256
1936	3	9	1953	2	2	1970	1	11
1937	0	0	1954	3	193	1971	3	8
1938	2	600	1955	3	218	1972	1	121
1939	1	3	1956	1	21	1973	0	5
1940	2	51	1957	1	395	1974	1	1
1941	2	10	1958	0	2	1975	1	21
1942	2	8	1959	3	24	1976	1	9
1943	1	16	1960	2	65	1977	1	0
1944	3	64	1961	1	46	1978	0	35
1945	3	7	1962	0	4			

**Deaths include fatalities from high winds of less than hurricane force.*

Source: United States Department of Commerce—National Oceanic and Atmospheric Administration.

TORNADOES IN THE UNITED STATES

Some 22,789 tornadoes have struck the United States in the last 50 years, taking a total of 7,249 lives. The property damage for 1978 was estimated at more than $600 million.

Year	Tornadoes	Deaths	Year	Tornadoes	Deaths	Year	Tornadoes	Deaths
1929	197	274	1945	106	78	1963	464	31
1930	192	179	1947	165	313	1964	703	73
1931	94	36	1948	183	140	1965	901	296
1932	151	394	1949	249	212	1966	585	99
1933	258	362	1950	199	70	1967	929	114
1934	147	47	1951	272	34	1968	660	131
1935	180	70	1952	236	230	1969	608	66
1936	151	552	1953	422	515	1970	652	72
1937	147	29	1954	550	36	1971	889	156
1938	213	183	1955	595	126	1972	741	27
1939	152	87	1956	503	83	1973	1109	87
1940	124	65	1957	856	191	1974	947	361
1941	118	53	1958	563	66	1975	918	60
1942	167	384	1959	604	58	1976	835	44
1943	152	58	1960	616	47	1977	852	43
1944	169	275	1961	698	51	1978	788	53
1945	121	210	1962	658	28			

Source: United States Department of Commerce—National Oceanic and Atmospheric Administration.

TORNADOES BY STATE

While Texas has experienced far more tornadoes than any other state over the last five years, Alabama has recorded the greatest number of tornado-related deaths (104) and Ohio the greatest number of injuries (1,466). During 1978 alone, Texas recorded the most tornadoes (137), Kansas the most fatalities (19) and Louisiana the most injuries (296). Alaska, Rhode Island, Utah, Vermont and the District of Columbia have been tornado-free during the last five years.

Five Year Totals by State, 1974-1978

State	Tornadoes	Deaths	Injuries	State	Tornadoes	Deaths	Injuries
Alabama	147	104	1,350	Nevada	5	0	0
Alaska	0	0	0	New Hampshire	6	0	0
Arizona	20	1	40	New Jersey	8	0	1
Arkansas	125	24	370	New Mexico	22	1	13
California	28	0	6	New York	30	0	16
Colorado	124	0	7	North Carolina	122	11	176
Connecticut	5	0	0	North Dakota	158	6	54
Delaware	10	0	5	Ohio	85	40	1,466
District of Columbia	0	0	0	Oklahoma	182	25	501
Florida	344	8	346	Oregon	5	0	0
Georgia	104	26	468	Pennsylvania	75	3	72
Hawaii	3	0	0	Rhode Island	0	0	0
Idaho	2	0	2	South Carolina	54	7	60
Illinois	226	15	328	South Dakota	106	0	16
Indiana	126	52	1,015	Tennessee	90	48	899
Iowa	141	9	200	Texas	671	15	246
Kansas	105	25	222	Utah	0	0	0
Kentucky	56	73	1,350	Vermont	0	0	0
Louisiana	187	12	592	Virginia	56	2	39
Maine	6	0	3	Washington	4	0	0
Maryland	29	0	0	West Virginia	17	1	44
Massachusetts	7	0	3	Wisconsin	62	3	113
Michigan	148	8	235	Wyoming	77	0	3
Minnesota	88	7	103	Puerto Rico	1	0	0
Mississippi	149	21	635				
Missouri	74	10	158				
Montana	31	0	3				
Nebraska	246	4	195				
				Countrywide Total	4,338*	561	11,355

**Corrected for boundary-crossing tornadoes.*

Source: United States Department of Commerce — National Oceanic and Atmospheric Administration.

ACCIDENT FACTS

Accidents in the United States in 1978 took approximately 104,500 lives, a 1 per cent increase over the 1977 toll.

Slight declines were recorded in the numbers of fatalities resulting from residential accidents and from public accidents other than those involving motor vehicles.

Accidental Deaths, 1977-1978

	1977	1978	% Change
All accidents	103,202	104,500	+1%
Motor vehicle	49,510	51,500	+4%
Home	23,200	23,000	-1%
Work	12,900	13,000	+1%
Public (non motor vehicle)	22,200	21,500	-3%

Note: Death figures shown for the four separate classifications total more than the "All Accidents" figure due to rounding and because some deaths are included in more than one classification.

Source: National Safety Council.

MOTOR VEHICLE DEATHS AND INJURIES

The number of traffic accidents on the nation's highways rose by 3.8 per cent in 1978 to reach a record 27,742,000. It was the fourth consecutive yearly increase after a sharp drop from 1973 to 1974, attributed to an energy-related cutback in auto usage and reduced driving speeds. Injuries increased by 4 per cent in 1978 to a record 5,798,000. The death toll rose by about 4 per cent to exceed the 50,000 mark for the first time since 1973.

Year	Deaths**	Injuries†	Year	Accidents*	Deaths**	Injuries†
1954	35,586	1,960,000	1966	15,896,000	53,041	4,192,000
1955	38,426	2,158,000	1967	16,978,000	52,924	4,353,000
1956	39,628	2,368,000	1968	18,631,000	54,862	4,356,000
1957	38,702	2,525,000	1969	22,025,000	55,791	5,010,000
1958	36,981	2,825,000	1970	22,116,000	54,633	4,983,000
1959	37,910	2,870,000	1971	22,650,000	54,381	4,994,000
1960	38,137	3,078,000	1972	24,850,000	56,278	5,190,000
1961	38,091	3,057,000	1973	25,649,000	55,511	5,192,000
1962	40,804	3,345,000	1974	23,744,000	46,402	4,634,000
1963	43,564	3,460,000	1975	24,887,000	45,853	4,978,000
1964	47,700	3,840,000	1976	25,439,000	47,038	5,269,000
1965	49,163	3,982,000	1977	26,716,000	49,510	5,575,000
			1978	27,742,000	51,500	5,798,000

Sources: *Insurance Information Institute.
**National Safety Council (1978 figure is preliminary estimate).
†Prior to 1965, the Travelers Insurance Companies; 1965 to present, Insurance Information Institute.

ACCIDENTS BY AGE OF DRIVERS

Compilations based on reports from state traffic authorities show that drivers under age 30 are involved in a disproportionately high number of traffic accidents. In 1978, drivers in that age group comprised 33.8 per cent of the motoring population of the United States, but comprised 51.8 per cent of the drivers involved in all accidents and 51.6 per cent of the drivers in fatal accidents.

Accidents by Age of Drivers, 1978

Age Group	Number of Drivers	% of Total	Drivers in All Accidents	% of Total	Drivers in Fatal Accidents	% of Total
Under 20	14,200,000	10.0	5,600,000	17.8	11,500	17.2
20-24	16,900,000	11.9	6,300,000	20.8	14,100	21.0
25-29	16,900,000	11.9	4,400,000	14.0	9,000	13.4
30-34	16,000,000	11.3	3,500,000	11.1	7,700	11.5
35-39	13,200,000	9.3	2,200,000	7.0	4,400	6.6
40-44	11,500,000	8.1	2,000,000	6.3	4,400	6.6
45-49	11,600,000	8.1	1,800,000	5.7	3,700	5.5
50-54	11,700,000	8.2	1,400,000	4.4	2,900	4.3
55-59	9,800,000	6.9	1,400,000	4.4	2,600	3.9
60-64	7,200,000	5.1	1,000,000	3.2	2,200	3.3
65-69	6,300,000	4.4	1,000,000	3.2	1,700	2.5
70-74	4,200,000	2.9	300,000	1.0	1,200	1.8
75 and over	2,700,000	1.9	600,000	1.9	1,600	2.4
Total	142,200,000	100.0%	31,500,000	100.0%	67,000	100.0%

Source: National Safety Council.

AUTOMOBILE REPAIR COSTS

The cost of repairing automobiles continues to climb because of steady increases in the costs of parts and labor. A study of labor rates in key areas around the country reflects a range from $12.50 to $21.80 early in 1979 and an average hourly rate of $14.63. The table below compares the cost of replacing frequently damaged parts of a popular model 1973 car involved in an accident early in 1974 and the 1979 model of the same car damaged in 1979.

Costs of Replacing Selected Parts, 1974 and 1979

	1973 Chevrolet Impala damaged in Feb. 1974			1979 Chevrolet Impala damaged in Jan. 1979		
	Parts	Labor*		Parts	Labor**	
Front Bumper	$241.80	$ 39.57		$ 495.68	$ 49.74	
Grille	77.78	29.92		202.95	32.19	
Hood	134.94	23.16		252.10	42.43	
Front Fender (one side)	179.90	59.83		226.75	68.76	
Total	$634.42	$152.48	$786.90	$1,177.48	$193.12	$1,370.60

* *$9.65 an hour.* ** *$14.63 an hour.*

ECONOMIC LOSSES, TRAFFIC ACCIDENTS

Continuing inflation in the costs of automobile repairs and medical and hospital care, together with increases in the numbers of highway accidents, deaths and injuries, propelled the dollar cost of traffic accidents to a record $52.6 billion in 1978. The economic loss figure was 10.3 per cent higher than that of 1977.

In the last half-century, some 1,994,000 persons have died and 136.6 million have been injured in 691 million highway accidents in the United States, with the overall cost estimated at $558.9 billion.

The economic loss figure includes the cost of paying for property damage and legal, medical, hospital and funeral bills (both insured and uninsured), along with loss of income from absence from work and the administrative costs of insurance.

Economic Losses from Traffic Accidents, 1960-1978

1960	$10,211,000,000	**1973**	$30,407,000,000
1968	18,170,000,000	**1974**	30,415,000,000
1969	22,035,000,000	**1975**	36,058,000,000
1970	23,549,000,000	**1976**	40,889,000,000
1971	25,488,000,000	**1977**	47,710,000,000
1972	28,672,000,000	**1978**	52,622,000,000

Source: Insurance Information Institute.

CLAIM COSTS, AUTO ACCIDENTS

The costs of insurance claim settlements and court awards resulting from auto accidents have risen steadily in recent years. From 1969 through 1978, the average paid bodily injury claim rose about 107 per cent from $1,604 to $3,316; the average paid property damage liability claim climbed approximately 109 per cent from $294 to $615.

Countrywide Average Paid Claims Costs*
Liability Insurance, Private Passenger Cars

Year	Bodily Injury	Property Damage	Year	Bodily Injury	Property Damage
1969	$1,604	$294	**1974**	$2,472	$397
1970	1,676	320	**1975**	2,646	445
1971	1,852	346	**1976**	2,780	487
1972	1,926	355	**1977**	3,119	546
1973	2,125	375	**1978**	3,316**	615**

**For all limits combined, and including all loss adjustment expenses.*

***Estimated.*

NOTE: Dollar averages exclude Massachusetts (for all years) and most states which have no-fault automobile insurance laws.

Source: Insurance Services Office.

RESULTS OF LOW-SPEED CRASH TESTS

A federal bumper standard aimed at reducing needless damage to automobiles in minor impacts and applicable for the first time to 1979 model cars had little effect on the vulnerability of crash-tested 1979 models to costly damage, according to the Insurance Institute for Highway Safety.

Low-speed impact tests of nine 1979-model cars, the Washington-based Institute said, showed that cars which their manufacturers certify as meeting the lastest federal bumper standard "are sustaining huge, unnecessary, unjustified amounts of damage in a variety of 'minor' collision situations at 10 and even at 5 miles per hour. In a few cases, performance is better than in past but, on balance, the picture is a disappointing one."

IIHS said estimated repair costs were "closely similar" for comparable groups of cars whose 1978 and 1979 models were subjected to the same series of crash tests. For four models in the compact car class, the total repair cost for all tests averaged $1,681 for the 1978 model year, using original parts prices and labor rates; $1,798 for the 1978 models using parts prices and labor rates in use late in 1978, and $1,793 for the 1979 models tested shortly after they came on the market.

For three models in the subcompact car class, the comparable figures were $1,191, $1,260 and $1,283, respectively.

Present, Projected Standards

The standard which became operative with the 1979 model year requires that new cars be equipped with bumpers able to protect the cars from damage in specified low-speed impacts. However, it permits damage to the bumpers themselves, as well as to their fastenings and, where present, to cosmetic "filler panels."

A somewhat stronger standard effective with the 1980 model year forbids virtually all damage to bumpers and filler panels, as well as to the rest of the car, in the specified tests.

IIHS said that while "there is no real question that the 1979 models are in fact meeting the new federal standard," the standard "represents no improvement from the performance levels that some manufacturers have been easily achieving for some time." Some new cars were complying with it as long ago as 1974, the Institute said.

The Institute noted that the requirements of the current compliance tests are limited and easy for manufacturers to meet. They include no impacts at any speed with poles, angled surfaces or other structures, including other cars, "similar to those that drivers commonly impact at very low speeds in parking and backing situations every day," it observed.

1979 Crash Tests

IIHS conducted crash tests of 1979 models of five subcompacts and four compacts which it said showed, among other things, that:

- The total repair costs resulting from four separate tests ranged from a high of $2,420 for the compact Ford Fairmont to a low of $850 for the subcompact Plymouth Horizon.
- Large variations continue to exist "between the amounts of damage that in effect are being designed into new cars by their manufacturers' differing choices of materials, configurations, weights and other bumper characteristics."
- In 10 mile per hour front into rear tests, three of the nine models experienced override due to their bumper designs.
- Bumpers don't have to be heavy to meet federal standards. The Plymouth Horizon, which had the lowest total estimated repair costs of any of the 1979 models tested, had the lightest bumpers and the most favorable relationship of bumper weight to total car weight.

Low-Speed Crash Test Results
1979 Model Cars

	ESTIMATED COST TO REPAIR					
				10 MPH Front into Rear		
Model	5 MPH Front to Angle Barrier	5 MPH Rear into Pole	10 MPH Front to Angle Barrier	Front Damage	Rear Damage	Damage to Both
SUBCOMPACTS:						
Plymouth Horizon	$159	$114	$ 547	$ 37	$ 16	$ 53
AMC Spirit	248	140	796	12	0	12
Ford Mustang III	14	259	945	46	6	52
Volkswagen Rabbit	172	119	1036	39	96	135
Chevrolet Chevette	272	167	874	46	155	201
AVERAGES:	173	160	840	36	55	91
COMPACTS:						
AMC Concord	273	144	750	18	48	66
Plymouth Volare	271	179	795	131	142	273
Chevrolet Malibu	366	168	990	284	191	475
Ford Fairmont	361	220	914	722	203	925
AVERAGES:	318	178	862	289	146	435
OVERALL AVERAGES:	237	168	850	148	95	244

Source: Insurance Institute for Highway Safety.

AUTOMOBILE COLLISION INSURANCE CLAIMS

Collision insurance claims involving 1979 model cars during their first six months of operation were more costly than such claims involving 1978 models either during the same period or during the earlier models' first months of use, according to the Highway Loss Data Institute (HLDI).

In a report released in mid-1979, HLDI said the overall frequency of claims during the period from September, 1978 through February, 1979 was the same for both years' models. However, the combined claim frequency of 1979 models was higher than that of the 1978 cars during their first six months of operation.

Among the 1979 models, smaller cars and specialty or sports models are more likely to sustain collision losses than other car size groups or body styles, HLDI said.

A comparison of the claims experience of the two years' models during the first six months in which the newer cars were in use showed that:

- Of the four groups of car sizes, 1979 subcompacts and compacts had higher claim frequencies than their 1978 counterparts, while 1979 intermediates and full-size cars had lower frequencies.
- Average claim payments for the four size groups of 1979 models were 2 to 18 per cent higher than those for the 1978 models.
- Average claim payments per insured vehicle year in three of the four size groups ranged from 3 to 24 per cent higher among the 1979 models. For the intermediates, the figure was 2 per cent lower.
- Claim frequencies were considerably higher for youthful drivers (males and unmarried females under age 25) than for older drivers. Average claim frequencies involving deductibles of less than $150 were higher than those involving deductibles of $150 or more.
- The average loss payment also was higher for youthful drivers than for older drivers.

Loss Experience Summary by Vehicle Size and Model Year — Collision Coverage

	Claim Frequency Per 100 Insured Vehicle Years			Average Loss Payment Per Claim			Average Loss Payment Per Insured Vehicle Year		
	1978 Models		1979 Models	1978 Models		1979 Models	1978 Models		1979 Models
	9/77-2/78	9/78-2/79	9/78-2/79	9/77-2/78	9/78-2/79	9/78-2/79	9/77-2/78	9/78-2/79	9/78-2/79
Sub Compact	11.1	12.6	13.8	$889	$996	$1,129	$ 99	$126	$156
Compact	10.3	11.5	11.6	840	931	946	87	107	110
Intermediate	9.4	10.7	9.6	828	898	975	78	96	94
Full Size	10.6	11.5	11.1	939	960	1,131	100	110	126

Source: Highway Loss Data Institute.

Loss Payment Summary by Make and Series
1979 Models - Collision Coverages

Make	Serial and Model	Total Exposure (insured vehicle years)	Claim Frequency per 100 insured vehicle years	Average Loss Payment per claim	Average Loss Payment per insured vehicle year
All	**All**	**136,545**	**11.7**	**$1,029**	**$120**
Sub Compact		**39,481**	**13.8**	**1,129**	**156**
Pontiac	Sunbird 2-Dr.	1,481	12.0	1,012	121
Chevrolet	Monza 2-Dr.	3,025	14.7	846	124
Chevrolet	Chevette 2-Dr.	1,567	11.0	1,149	126
Volkswagen	Rabbit 2-Dr.	3,397	11.9	1,059	126
Ford	Pinto 2-Dr.	1,615	13.5	1,066	144
Ford	Mustang 2-Dr.	4,408	13.7	1,225	168
Toyota	Corolla 2-Dr.	3,101	16.2	1,113	180
Mercury	Capri 2-Dr.	1,084	14.8	1,274	186
Toyota	Celica 2-Dr.	3,840	18.8	1,265	238
Chevrolet	Chevette 4-Dr.	2,139	9.8	694	68
Plymouth	Horizon 4-Dr.	1,884	10.2	927	95
Dodge	Omni 4-Dr.	1,341	12.4	1,129	140
Compact		**49,296**	**11.6**	**946**	**110**
Chevrolet	Nova 2-Dr.	1,390	9.7	778	75
Ford	Granada 2-Dr.	1,014	10.5	938	98
Chevrolet	Malibu 2-Dr.	1,693	10.0	1,081	108
Oldsmobile	Cutlass 2-Dr.	7,896	11.1	977	108
Buick	Century/Regal 2-Dr.	4,235	12.3	977	120
Ford	Fairmont 2-Dr.	1,541	13.5	1,001	135
Chevrolet	Nova 4-Dr.	1,025	9.4	687	65
Chevrolet	Malibu 4-Dr.	1,615	7.7	910	70
Chevrolet	Malibu Sta. Wgn.	1,575	10.8	832	90
Ford	Fairmont Sta. Wgn.	1,139	10.4	931	97
Chevrolet	Monte Carlo Specialty	3,967	12.6	972	122
Pontiac	Grand Prix Specialty	3,475	11.2	1,086	122
Chevrolet	Camaro Specialty	4,882	14.6	940	137
Pontiac	Firebird Specialty	3,602	16.2	886	144
Intermediate		**40,301**	**9.6**	**975**	**94**
Oldsmobile	Delta 88 2-Dr.	1,679	7.3	973	71
Ford	LTD 2-Dr.	1,263	8.2	1,215	100
Oldsmobile	Delta 88 4-Dr.	2,547	7.0	766	54
Buick	LeSabre 4-Dr.	1,553	7.5	943	71
Ford	LTD 4-Dr.	1,988	7.9	913	72
Chevrolet	Caprice 4-Dr.	2,302	8.8	867	76
Buick	Electra 4-Dr.	1,305	8.8	948	83
Chevrolet	Impala 4-Dr.	1,574	10.1	880	89
Pontiac	Bonneville 4-Dr.	1,369	9.1	1,005	91
Oldsmobile	Ninety Eight 4-Dr.	1,809	10.3	904	93
Ford	Thunderbird Specialty	3,566	11.7	1,016	119
Chrysler	Cordoba Specialty	1,083	12.6	991	125
Mercury	Cougar XR-7 Specialty	2,090	13.2	1,230	162
Full Size		**7,467**	**11.1**	**1,131**	**126**
Cadillac	DeVille 4-Dr.	1,472	10.3	1,050	108
Cadillac	DeVille 2-Dr.	2,364	10.8	1,009	109
Lincoln	Continental 4-Dr.	1,325	11.4	1,125	128
Lincoln	Mark V	1,405	12.7	1,352	172

Source: Highway Loss Data Institute.

TRENDS IN COSTS OF GOODS, SERVICES AND INSURANCE

The cost of insurance is influenced heavily by the costs of the materials and services for which property and liability insurers must pay in meeting their obligations to their policyholders. Tabulated below are indices showing the trends of costs of auto and property insurance and of typical factors which affect insurance claims.

Price Indices for Selected Items, 1967-1978
(Base: 1967 = 100)

Year	Cost of Living (all items)	Medical Care Items	Hospital Service Charges, Semi-Private Rooms	Physicians' Fees	Auto Repairs and Maintenance	Auto Insurance Premiums
1967	100.0	100.0	100.0	100.0	100.0	100.0
1970	116.3	120.6	145.4	121.4	120.6	126.7
1971	121.3	128.4	163.1	129.8	129.2	141.1
1972	125.3	132.5	173.9	133.8	135.1	140.5
1973	133.1	137.7	182.1	138.2	142.2	138.0
1974	147.7	150.5	201.5	150.9	156.8	138.1
1975	161.2	168.6	236.1	169.4	176.6	145.9
1976	170.5	184.7	268.6	188.5	189.7	187.9
1977	181.5	202.4	299.5	206.0	203.7	210.5
1978	195.4	219.4	332.4	223.1	220.6	216.6

Year	Home Ownership	House Maintenance and Repairs	House Furnishings	Private Residential Construction Costs**	Private Non-residential Construction Costs**	Property Insurance Premiums***
1967	100.0	100.0	100.0	100.0	100.0	100.0
1970	128.5	124.0	113.4	117.7	125.9	113.4
1971	133.7	133.7	118.1	124.6	135.7	119.9
1972	140.1	140.7	121.0	132.2	142.0	123.2
1973	146.7	151.0	124.9	145.2	153.1	124.4
1974	163.2	171.6	130.8	160.2	183.1	124.2
1975	181.7	187.6	144.4	173.9	196.6	131.4
1976	191.7	199.6	150.7	187.3	197.0	144.3
1977	204.9	214.7	156.5	211.1	209.5	154.2
1978	227.2	233.0	154.3	239.7	235.3	165.4

**The cost of auto crash replacement parts is not reflected in this index, which includes prices for water pump replacement, motor tune-up, automatic transmission repair, front end alignment and chassis lubrication. The trend in the costs of parts commonly used to repair auto crash damage is reflected in an index developed by State Farm Mutual Automobile Insurance Company. An increase in the index from 100.0 on Jan. 1, 1976 to 133.3 on Jan. 1, 1979 means that those costs have risen at an annual rate of about 10 per cent.*

***Construction cost indices compiled by the Insurance Information Institute are based on data provided by the U.S. Department of Commerce, Bureau of the Census.*

****The Property Insurance index has been changed to a Dec., 1977 base. The figures have been reconverted to a 1967 base to permit ready comparison with the other indices included in these tables.*

Sources: Construction cost data, U.S. Department of Commerce, Bureau of the Census; other data, U.S. Department of Labor, Bureau of Labor Statistics.

HEALTH INSURANCE BENEFITS

Private insurance companies pay more than 51 per cent of the nation's billions of dollars of health insurance benefits. Private insurers paid some $22,113,000,000 in such benefits in 1977, the latest year for which such statistics were available. Blue Cross, Blue Shield and other hospital-medical plans paid about $20.974 billion. A review by the Health Insurance Institute disclosed that in 1977 the average cost per hospital stay ranged from a low of $881.10 in Wyoming to highs of $2,302 in the District of Columbia and $2,292.50 in Massachusetts. The range on the basis of the average daily hospital cost was from $130.20 in South Dakota to $359 in Alaska.

Countrywide, the average hospital cost per day increased 14.6 per cent from $172.70 in 1976 to $197.90 in 1977.

Health Insurance Benefits Paid*
1977

	Paid by Insurance Cos. (in thousands)	Paid by Blue Cross, Blue Shield & Others (in thousands)	Average Hospital Cost Per Day	Average Length Hospital Stay in Days	Average Cost Per Hospital Stay
Alabama	$ 257,000	$ 299,000	$154.10	7.1	$1,094.30
Alaska	38,000	5,000	359.00	5.1	1,830.90
Arizona	270,000	108,000	227.60	7.2	1,638.60
Arkansas	130,000	103,000	141.00	6.4	902.10
California	2,295,000	2,110,000	290.60	6.6	1,917.70
Colorado	209,000	185,000	198.50	6.8	1,349.70
Connecticut	326,000	360,000	242.30	7.5	1,817.50
Delaware	44,000	104,000	205.30	8.4	1,724.90
Dist. of Columbia	89,000	421,000	284.20	8.1	2,302.00
Florida	794,000	334,000	194.90	7.4	1,442.30
Georgia	484,000	210,000	173.80	6.4	1,112.60
Hawaii	42,000	155,000	213.10	7.1	1,513.20
Idaho	61,000	53,000	167.10	6.2	1,036.10
Illinois	1,233,000	897,000	211.80	8.0	1,694.30
Indiana	488,000	491,000	171.80	7.8	1,339.80
Iowa	208,000	281,000	153.50	7.5	1,156.10
Kansas	175,000	240,000	156.60	7.6	1,190.00
Kentucky	179,000	271,000	144.70	7.0	1,012.90
Louisiana	318,000	189,000	176.30	6.4	1,128.60
Maine	68,000	85,000	186.30	7.5	1,397.00
Maryland	257,000	388,000	219.30	8.5	1,864.00
Massachusetts	431,000	857,000	269.70	8.5	2,292.50
Michigan	845,000	1,727,000	217.80	7.9	1,720.60
Minnesota	361,000	205,000	165.00	8.8	1,452.30
Mississippi	171,000	75,000	134.60	6.9	928.50

**Hospital, surgical and medical care costs, including loss of income, paid to insured persons under age 65.*

	Paid by Insurance Cos. (in thousands)	Paid by Blue Cross, Blue Shield & Others (in thousands)	Average Hospital Cost Per Day	Average Length Hospital Stay in Days	Average Cost Per Hospital Stay
Missouri	454,000	478,000	171.40	8.3	1,422.70
Montana	52,000	48,000	151.90	6.4	972.10
Nebraska	127,000	115,000	152.10	8.0	1,217.10
Nevada	83,000	11,000	240.90	6.5	1,565.80
New Hampshire	47,000	69,000	168.20	7.1	1,193.90
New Jersey	527,000	718,000	181.50	8.7	1,578.70
New Mexico	89,000	40,000	206.20	5.7	1,177.70
New York	1,350,000	2,533,000	225.60	9.8	2,210.70
North Carolina	369,000	326,000	149.10	7.5	1,118.60
North Dakota	40,000	81,000	141.00	8.3	1,170.60
Ohio	960,000	1,384,000	186.80	8.0	1,494.10
Oklahoma	229,000	138,000	181.60	6.5	1,180.70
Oregon	190,000	258,000	217.60	6.2	1,349.10
Pennsylvania	741,000	1,640,000	188.60	8.4	1,584.20
Rhode Island	32,000	159,000	235.10	8.1	1,904.60
South Carolina	197,000	152,000	152.80	7.1	1,085.00
South Dakota	53,000	18,000	130.20	7.1	924.60
Tennessee	375,000	294,000	154.80	7.2	1,114.40
Texas	1,311,000	604,000	175.80	6.6	1,160.30
Utah	87,000	82,000	209.20	5.2	1,087.60
Vermont	25,000	46,000	158.00	8.4	1,326.90
Virginia	312,000	370,000	167.30	8.0	1,305.60
Washington	249,000	430,000	231.00	5.5	1,270.70
West Virginia	116,000	194,000	149.40	7.4	1,105.60
Wisconsin	357,000	518,000	177.70	8.0	1,421.80
Wyoming	30,000	26,000	169.40	5.2	881.10
Puerto Rico	32,000	89,000	149.20	7.0	1,044.60
Other U.S.	3,000	-	-	-	-
Countrywide	$22,113,000**	$20,974,000	$197.90	7.6	$1,504.10
1976 Totals	$20,217,000**	$18,747,000	$172.70	7.7	$1,330.10

***Includes $3,903 billion for 1977, and $2,654 billion for 1976, in Administrative Service Agreement benefit payments not allocable by state.*

Source: Health Insurance Institute.

INJURIES AND DEATHS AT WORK

The number of on-the-job fatalities in the United States increased in 1978 for the second consecutive year. National Safety Council data reflect a 1 per cent increase in fatalities but a 4 per cent decline in the number of injuries.

The death and injury rates per 100,000 workers declined because of a continuing increase in the nation's employed labor force.

Work Fatalities and Injuries 1950-1978

Year	Employed Labor Force (Millions)	Fatalities	Fatalities per 100,000 Workers	Injuries	Injuries per 100,000 Workers
1950	58.9	15,500	26.3	1,950,000	3,211
1960	65.8	13,800	21.0	1,950,000	2,964
1970	78.6	13,800	17.6	2,200,000	2,798
1972	81.7	14,000	17.1	2,400,000	2,938
1973	84.4	14,300	16.9	2,500,000	2,962
1974	85.9	13,500	15.6	2,300,000	2,678
1975	84.8	13,000	15.3	2,200,000	2,594
1976	87.5	12,500	14.3	2,200,000	2,514
1977	90.5	12,900	14.2	2,300,000	2,540
1978	94.4	13,000	13.8	2,200,000	2,331

Sources: Bureau of Labor Statistics; National Safety Council.

ECONOMIC LOSSES, ACCIDENTS AT WORK

Dollar losses resulting from accidents at work were estimated at a record $21.2 billion in 1978. While this economic loss figure has been rising steadily, the increase should be interpreted in terms of trends in the nation's economy. Specifically, the work force has increased steadily (although it dropped slightly in 1975) while the value of the dollar has just as steadily declined. Applying these factors in terms of a constant 1967 dollar, the cost of occupational accidents averaged $115.02 in 1978 as compared to $58.85 per worker in 1950.

The cost of work accidents includes wages lost and medical expenses, as well as indirect loss resulting from damage to equipment and materials, production delays, time lost by workers not involved in the accident, and the administrative costs of insurance.

Economic Losses* from Work Accidents 1950-1978

Year	Economic Loss	Year	Economic Loss
1950	$ 2,500,000,000	**1974**	$13,600,000,000
1960	4,400,000,000	**1975**	14,000,000,000
1970	8,000,000,000	**1976**	15,800,000,000
1972	10,400,000,000	**1977**	18,600,000,000
1973	12,800,000,000	**1978**	21,200,000,000

**Figures do not include direct losses in business fires.*

Source: National Safety Council.

AIRCRAFT ACCIDENTS

Fatalities resulting from U.S. commercial airline accidents dropped sharply from 1977 to 1978 despite a slight increase in the number of accidents, according to preliminary data from the National Transportation Safety Board. The accident rate held steady at .009 per million aircraft miles.

Accidents in general aviation—non-air carrier—increased by 7.5 per cent from 1977 to 1978. The number of fatalities rose from 1,436 to 1,548. The accident rate per million aircraft miles increased from .90 to 1.02.

U.S. Air Carrier Accidents, 1969-1978

Year	Miles Flown	Accidents	Fatal Accidents	Fatalities
1969	2,736,596,000	63	10	158
1970	2,684,552,000	55	8	146
1971	2,660,731,000	48	8	203
1972	2,619,043,000	50	8	190
1973	2,646,669,000	43	9	227
1974	2,464,295,000	47	9	467
1975	2,422,901,000	38	2	122
1976	2,511,053,000	26	3	42
1977	2,623,779,000	23	4	405*
1978	2,704,000,000	24	5	19

**Excludes 248 fatalities in aircraft of foreign registry.*

Source: National Transportation Safety Board (1978 figures are preliminary estimates).

General Aviation Accidents, 1969-1978

Year	Miles Flown	Accidents	Fatal Accidents	Fatalities
1969	3,926,461,000	4,767	647	1,413*
1970	3,207,127,000	4,712	641	1,310
1971	3,143,181,000	4,648	661	1,355
1972	3,317,100,000	4,256	695	1,421*
1973	3,728,500,000	4,255	723	1,412
1974	4,042,700,000	4,425	729	1,438
1975	4,238,400,000	4,237	675	1,345
1976	4,476,014,000	4,193	695	1,320
1977	4,786,400,000	4,286	702	1,436
1978	4,519,900,000	4,609	795	1,548*

**Excludes commercial aircraft fatalities (1969-82, 1972-5, 1978-142) when in collision with general aviation aircraft.*

Source: National Transportation Safety Board (1978 figures are preliminary estimates).

BOATING ACCIDENTS BY STATE

Deaths resulting from boating accidents in the United States declined by 4 per cent from 1977 to 1978, according to the U.S. Coast Guard. The data reported to the Coast Guard account for 95 to 100 per cent of all boating fatalities but only a relatively small percentage of other accidents.

Boating Accidents by State, 1978

State	Accidents	Fatalities	Injuries	Property Damage
Alabama	140	35	35	$ 175,400
Alaska	51	22	0	317,200
Arizona	73	10	28	235,700
Arkansas	37	24	12	4,300
California	947	104	275	2,332,100
Colorado	29	11	3	25,100
Connecticut	69	12	16	108,300
Delaware	23	7	10	37,600
District of Columbia	9	3	1	6,900
Florida	535	86	110	1,388,400
Georgia	114	25	30	124,000
Hawaii	74	12	5	603,200
Idaho	41	5	7	63,200
Illinois	107	36	34	210,400
Indiana	106	18	30	52,100
Iowa	79	11	18	70,200
Kansas	45	9	14	27,500
Kentucky	96	33	19	150,600
Louisiana	160	71	57	172,500
Maine	67	29	10	44,600
Maryland	191	33	45	332,800
Massachusetts	107	18	36	336,700
Michigan	428	73	183	341,900
Minnesota	125	38	55	105,100
Mississippi	44	26	11	57,400
Missouri	196	13	67	282,300
Montana	8	3	0	21,300
Nebraska	33	6	13	51,200
Nevada	53	4	10	137,800
New Hampshire	30	7	17	6,300
New Jersey	263	11	62	400,500
New Mexico	19	2	3	21,700
New York	400	79	106	898,900
North Carolina	149	41	37	291,900
North Dakota	12	1	3	15,800
Ohio	163	28	26	256,200
Oklahoma	64	21	34	74,300
Oregon	125	31	20	492,700
Pennsylvania	98	27	34	129,100
Rhode Island	48	3	5	66,700
South Carolina	129	38	26	151,900
South Dakota	14	1	5	15,800
Tennessee	83	38	21	98,200
Texas	265	66	84	323,500
Utah	135	10	44	254,900
Vermont	12	4	0	9,100
Virginia	119	26	41	203,200
Washington	201	49	16	440,000
West Virginia	24	10	6	13,600
Wisconsin	142	42	29	102,900
Wyoming	17	5	0	14,600
Guam	1	0	0	6,000
Puerto Rico	17	3	4	169,000
Virgin Islands	12	1	4	28,600
American Samoa	0	0	0	0
Totals	6,529	1,321	1,761	$12,301,200

Source: U.S. Coast Guard.

CRIMES AGAINST PROPERTY

The dollar cost of crime continues to run into the billions, and preliminary data of the Federal Bureau of Investigation reflected an increase of about 1 per cent in the overall crime index in 1978.

The FBI said the number of crimes against property, of which business and industry are major victims, increased 1.5 per cent in 1978. Dollar losses from the crimes of robbery, burglary, larceny and motor vehicle theft alone rose more than 18 per cent to $5.38 billion, the FBI said.

Other sources place the cost of crime much higher.

A House judiciary subcommittee, in a report on white collar crime issued in mid-1978, cited a 1977 study by the American Management Association's Crimes Against Business Project estimating the cost of non-violent crimes by individuals against business at $30 billion to $40 billion a year. It also pointed to a 1976 estimate of the Congressional Joint Economic Committee that overall white collar crime costs the economy $44 billion a year.

Early in 1979, the Justice Department announced a long-range plan to establish Economic Crime Enforcement Units through U.S. attorneys' offices around the country to combat white collar crime and corruption. The program will concentrate on prevention, detection, investigation and prosecution of economic crime through coordination among federal, state and local authorities.

Crimes against property reported by the FBI in 1978:

ROBBERY: 417,038 offenses; property loss $181 million.

BURGLARY: 3,104,496 offenses; property loss $1.6 billion.

LARCENY-THEFT: 5,983,401 offenses; property loss $1.3 billion.

MOTOR VEHICLE THEFT: 991,611 offenses; property loss $2.3 billion.

Crimes against Property, 1969 - 1978

Year	Robbery	Burglary	Larceny-Theft
1969	297,650	1,962,900	3,849,700
1970	348,460	2,183,800	4,183,500
1971	386,150	2,376,300	4,379,900
1972	374,790	2,352,800	4,109,600
1973	383,260	2,549,938	4,319,118
1974	442,397	3,039,159	5,262,505
1975	464,973	3,252,129	5,977,698
1976	420,214	3,089,789	6,270,822
1977	404,847	3,052,189	5,905,731
1978	417,038	3,104,496	5,983,401

For additional data on automobile thefts, see page 63.

Source: Federal Bureau of Investigation.

MOTOR VEHICLE THEFTS

Motor vehicle thefts in the United States rose about 2.4 per cent in 1978, with decreases recorded in only 10 states. Countrywide, the ratio of vehicles stolen to vehicles registered improved from one of every 154 vehicles in 1977 to one of every 156 vehicles in 1978.

Motor Vehicle Registrations and Thefts, 1969-1978

Year	Motor Vehicle Registrations*	Thefts*	Ratio of Vehicles Stolen/Regist.
1969	107,409,077	873,600	1 in 123
1970	111,250,529	923,200	1 in 121
1971	116,266,238	942,900	1 in 123
1972	122,421,440	882,200	1 in 139
1973	129,774,378	925,713	1 in 140
1974	134,904,676	977,068	1 in 138
1975	139,221,000	1,000,455	1 in 139
1976	142,397,000	957,599	1 in 149
1977	148,880,000	968,340	1 in 154
1978	154,206,000	991,611	1 in 156

**Includes motorcycles.*

***Estimated.*

Sources: Federal Bureau of Investigation; Federal Highway Administration.

Motor Vehicle Thefts by State, 1977 - 1978

	1977	1978	% Change		1977	1978	% Change
Alabama	10,359	11,319	+ 9.3	Montana	2,353	2,411	+ 2.5
Alaska	3,066	2,666	- 13.0	Nebraska	3,888	3,393	- 12.7
Arizona	10,091	10,933	+ 8.3	Nevada	3,540	3,971	+ 12.2
Arkansas	3,933	4,364	+ 11.0	New Hampshire	2,491	2,662	+ 6.9
California	145,270	154,108	+ 6.1	New Jersey	37,489	41,075	+ 9.6
Colorado	12,496	13,028	+ 4.3	New Mexico	3,088	3,803	+ 23.2
Connecticut	18,436	20,296	+ 10.1	New York	133,669	119,264	- 10.8
Delaware	2,718	2,897	+ 6.6	North Carolina	10,612	11,228	+ 5.8
District of Columbia	2,742	3,210	+ 17.1	North Dakota	945	966	+ 2.2
Florida	29,698	33,400	+ 12.5	Ohio	42,851	43,210	+ 0.8
Georgia	15,036	18,126	+ 20.6	Oklahoma	9,185	10,119	+ 10.2
Hawaii	4,380	5,120	+ 16.9	Oregon	9,240	9,649	+ 4.4
Idaho	2,036	2,140	+ 5.1	Pennsylvania	39,264	40,035	+ 2.0
Illinois	59,446	57,477	- 3.3	Rhode Island	7,400	7,547	+ 2.0
Indiana	20,117	22,090	+ 9.8	South Carolina	7,048	8,058	+ 14.3
Iowa	6,331	6,808	+ 7.5	South Dakota	1,016	1,104	+ 8.7
Kansas	5,683	5,816	+ 2.3	Tennessee	13,500	14,297	+ 5.9
Kentucky	8,485	8,766	+ 3.3	Texas	51,018	57,821	+ 13.3
Louisiana	13,241	14,341	+ 8.3	Utah	4,241	4,364	+ 2.9
Maine	2,679	2,764	+ 3.2	Vermont	1,281	1,043	- 18.6
Maryland	17,734	17,599	- 0.8	Virginia	11,639	11,788	+ 1.3
Massachusetts	65,922	63,259	- 4.0	Washington	13,181	14,903	+ 13.1
Michigan	49,803	48,328	- 3.0	West Virginia	3,035	3,269	+ 7.7
Minnesota	13,637	13,012	- 4.6	Wisconsin	10,267	10,736	+ 4.6
Mississippi	3,450	3,650	+ 5.8	Wyoming	1,145	1,452	+ 26.8
Missouri	18,165	17,926	- 1.3				

Source: Federal Bureau of Investigation.

BUSINESS FAILURE TRENDS

The annual number of business failures in the United States and the failure rate per 10,000 businesses declined in 1978 to their lowest points in 30 years, according to data compiled by Dun & Bradstreet, Inc. The number of failures, 6,619, represented a drop of 16.5 per cent from the 1977 total and the fewest failures since the 5,250 recorded in 1948. The failure rate of 24 compared with a rate of 20 registered in 1948. The dollar cost of failures declined by 23.9 per cent in 1978, to $2.36 billion from $3.09 billion in 1977. The average cost per failure was down about 8.9 per cent.

A sizeable percentage of losses due to business failure could have been covered by use of credit insurance. Credit insurance protects a manufacturer or wholesaler when title to merchandise has been transferred to a customer who has not yet paid for it. Payment is made by the insurance company if the account proves uncollectible because of business failure or if the account is more than 90 days past due.

Business Failure Trends, 1954-1978

Year	Number of Failures	Total Failure Liabilities	Failure Rate Per 10,000 Businesses	Average Liability Per Failure
1954	11,086	$ 462,628,000	42	$ 41,731
1955	10,969	449,380,000	42	40,968
1956	12,686	562,697,000	48	44,356
1957	13,739	615,293,000	52	44,784
1958	14,964	728,258,000	56	48,667
1959	14,053	692,808,000	52	49,300
1960	15,445	938,630,000	57	60,772
1961	17,075	1,090,123,000	64	63,843
1962	15,782	1,213,601,000	61	76,898
1963	14,374	1,352,593,000	56	94,100
1964	13,501	1,329,223,000	53	98,454
1965	13,514	1,321,666,000	53	97,800
1966	13,061	1,385,659,000	52	106,091
1967	12,364	1,265,227,000	49	102,332
1968	9,636	940,996,000	39	97,654
1969	9,154	1,142,113,000	37	124,767
1970	10,748	1,887,754,000	44	175,638
1971	10,326	1,916,929,000	42	185,641
1972	9,566	2,000,244,000	38	209,099
1973	9,345	2,298,606,000	36	245,972
1974	9,915	3,053,137,000	38	307,931
1975	11,432	4,380,170,000	43	383,149
1976	9,628	3,011,271,000	35	312,762
1977	7,919	3,095,317,000	28	390,872
1978	6,619	2,356,006,000	24	355,946

Source: Dun & Bradstreet, Inc.

background reference 4

HOW RATES ARE MADE

The basic principle of insurance is the *sharing of risks.* In other words, many persons make small contributions—or premiums—as a safeguard against severe loss or financial hardship in the event of a traffic accident, a fire or other misfortune.

Since the birth of the insurance concept hundreds of years ago, its sole objective has been to provide security—security of purse to victims of storm, fire or other peril, and security (or peace) of mind to those fortunate enough not to sustain a loss. But where early-day insurers were forced to rely largely on judgment in the assessing of fees for their services, today's highly advanced professionals have the benefit of years of experience upon which to draw in the development of rate structures which reflect varying degrees of risks—or the loss potential—of the many persons or interests they are called upon to insure.

In fire insurance, for example, it is recognized that the chances of a "fire-resistive" factory being destroyed by fire are far smaller than the chances of a wooden factory burning down, other conditions being similar. In automobile insurance, it is recognized that persons who regularly drive their cars to work through rush-hour traffic are exposed to greater hazard than persons who drive only for pleasure in the same city or community. The rates vary accordingly.

For the major lines of property and liability insurance, the rates vary from state to state and even from community to community, depending on the accident record of local motorists, the extent of fire protection available for property owners, etc. But while many such factors are considered in ratemaking, rates basically are dependent on two primary factors:

1. The frequency of claims (which generally parallels the frequency of such occurrences as auto accidents, fires and thefts).
2. The cost of each claim (which in turn is affected by inflationary and other considerations).

In their periodic reviews of rates, the companies use this "loss experience" of the immediate past, supplemented by factors reflecting economic trends, as a guide to the amount they will need to pay claims in the immediate future and to defray the usual costs of doing business.

AUTOMOBILE FINANCIAL RESPONSIBILITY LAWS

Every state has a law on its books, commonly known as a financial responsibility law, under which a person involved in an automobile accident may be required to furnish proof of financial responsibility (usually done in the form of automobile liability insurance) up to certain minimum dollar limits. The provinces of Canada have similar laws. Mexico has no financial responsibility law as such, but requires an auto liability insurance policy written with a Mexican company.

Laws requiring registered car owners to have liability insurance or, in some cases, some other approved form of security are in effect in California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nevada, New Jersey, New York, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Carolina and Utah. A similar law is to become effective in Wyoming, Jan. 1, 1980. Florida requires its car owners to have first-party "personal injury protection" insurance.

Even where ownership of automobile liability insurance is not compulsory, the existence of the financial responsibility laws, along with the ever-present threat of a financially-crippling judgment in the event of an accident, has come to make the possession of automobile liability insurance a virtual necessity for most motorists.

Nevertheless, there are many motorists who are considered doubtful risks or whose poor driving records label them as obviously bad insurance risks. In all states, there are procedures through which such persons are able to obtain coverage. For additional information about these procedures, see "Automobile Insurance Plans," page 30.

Automobile Financial Responsibility Limits

State	Liability* Limits	State	Liability* Limits
Alabama	10/20/5	Rhode Island	25/50/10
Alaska	25/50/10	South Carolina	15/30/5
Arizona	15/30/10	South Dakota	15/30/10
Arkansas	10/20/5	Tennessee	10/20/5
California	15/30/5	Texas	10/20/5
Colorado	15/30/5	Utah	15/30/5[3]
Connecticut	20/40/5	Vermont	10/20/5
Delaware	10/20/5	Virginia	25/50/5
District of Columbia	10/20/5	Washington	15/30/5
Florida	10/20/5	West Virginia	20/40/10
Georgia	10/20/5	Wisconsin	15/30/5
Hawaii	25/unlimited/10	Wyoming	10/20/5
Idaho	10/20/5		
Illinois	15/30/10	**CANADA**	
Indiana	15/30/10	Alberta	$100,000 inclusive**
Iowa	10/20/5	British Columbia	$75,000 inclusive
Kansas	15/30/5	Manitoba	$50,000 inclusive
Kentucky	10/20/5	New Brunswick	$100,000 inclusive
Louisiana	5/10/1	Newfoundland	$75,000 inclusive
Maine	20/40/10	Northwest Territories	$50,000 inclusive
Maryland	20/40/10	Nova Scotia	$35,000 inclusive
Massachusetts	5/10/5[1]	Ontario	$100,000 inclusive
Michigan	20/40/10	Prince Edward Island	$35,000 inclusive
Minnesota	25/50/10	Quebec	$50,000 property damage[4]
Mississippi	10/20/5	Saskatchewan	$35,000 inclusive
Missouri	10/20/2	Yukon	$75,000 inclusive
Montana	25/50/5		
Nebraska	15/30/10		
Nevada	15/30/5		
New Hampshire	20/40/5		
New Jersey	15/30/5		
New Mexico	25/50/10		
New York	10/20/5[2]		
North Carolina	15/30/5		
North Dakota	25/50/10		
Ohio	12.5/25/7.5		
Oklahoma	5/10/5		
Oregon	15/30/5		
Pennsylvania	15/30/5		

**The first two figures refer to bodily injury liability limits and the third figure to property damage liability. For example, 10/20/5 means coverage up to $20,000 for all persons injured in an accident, subject to a limit of $10,000 for one individual; and $5,000 coverage for property damage.*

***"Inclusive" means that the amount of liability insurance shown is available to settle either bodily injury or property damage claims—or both.*

[1]10/20/5 after Jan. 1, 1980.

[2]50/100 in cases of wrongful death. [3]May be $25,000 single limit.

[4]Quebec has a complete no-fault system for bodily injury claims, scaled down for non-residents in proportion to their degree of fault. The $50,000 limit relates to liability for damage to property in Quebec and to liability for bodily injury and property damage outside Quebec.

Source: American Insurance Association; Insurance Bureau of Canada.

"NO-FAULT" AUTOMOBILE INSURANCE

A major change in the biggest single line of property and liability insurance—automobile insurance—has been in the making since the early Seventies. Widespread dissatisfaction with the operation of the traditional tort liability system, under which recoveries by accident victims of their losses are often dependent upon proving who caused the accident, has led to:

- The adoption of "first-party" laws by about half the states and consideration of similar action by most of the other states. A number of states have enacted laws mandating the purchase of auto liability insurance and a form of "no-fault" insurance which permits accident victims to recover such financial losses as medical and hospital expenses and lost income from their own insurance companies. Most of those states also have some restrictions on the right to sue. Several other state laws make optional the purchase of "first party" coverages up to specified minimum limits. The Nevada legislature repealed the state's "no-fault" law in mid-1979, effective Jan. 1, 1980, leaving 25 states with forms of "first-party" auto insurance laws.
- The advancement of a model accident reparations act by the National Conference of Commissioners on Uniform State Laws.
- Proposals in Congress for federal "no-fault" legislation.

Among the states which have adopted forms of "no-fault" auto insurance, the major variations involve: dollar limits on medical and hospital expenses (unlimited in some states), funeral and burial expenses, lost income and the amount to be paid a person hired to perform essential services that an injured non-income producer such as a housewife is unable to perform; also, conditions governing the right to sue which usually include death, serious injury and a point at which medical expenses reach a stipulated amount.

Jurisdictions which have forms of "first-party" auto insurance, and the dates on which the laws originally became effective, follow.

***Compulsory first-party/liability insurance; some restrictions on lawsuits**

Colorado, April 1, 1974	Kentucky, July 1, 1975	New York, February 1, 1974
Connecticut, January 1, 1973	Massachusetts, January 1, 1971	North Dakota, January 1, 1976
*Florida, January 1, 1972	Michigan, October 1, 1973	Pennsylvania, July 19, 1975
Georgia, March 1, 1975	Minnesota, January 1, 1975	Utah, January 1, 1974
Hawaii, September 1, 1974	New Jersey, January 1, 1973	*Puerto Rico, 1970
Kansas, January 1, 1974	**Nevada, February 1, 1974	

Compulsory first-party and liability insurance; no restrictions on lawsuits

Delaware, January 1, 1972	Maryland, January 1, 1973	*Oregon, January 1, 1972

Compulsory liability, optional first-party insurance; no restrictions on lawsuits

South Carolina, October 1, 1974

Insurance not compulsory; first-party benefits optional, no restrictions on lawsuits

Arkansas, July 1, 1974	South Dakota, January 1, 1972	Virginia, January 1, 1972
New Hampshire, October 1, 1971	Texas, August 27, 1973	Wisconsin, May 18, 1972

**Florida and Puerto Rico abolished compulsory liability insurance in 1977, but retained compulsory first-party "personal injury protection" insurance.*

***Nevada no-fault law repealed effective Jan. 1, 1980.*

THE REGULATION OF INSURANCE

The business of property and liability insurance is subject to two powerful forms of control: the intensity of competition which exists among thousands of agents and hundreds of companies—not one of which enjoys a monopoly or an exclusive franchise—and formal regulation at the state level (certain insurance company activities also are subject to regulation by federal agencies).

As a business which is inherently linked with the public interest, property and liability insurance is closely regulated by designated authorities in every state and other jurisdiction. Although there is some variance in the procedures for reviewing and effectuating the rates which policyholders pay for the many kinds of property and liability insurance, the regulatory authorities in each jurisdiction have a common responsibility in the public interest: to make sure that the rates are not inadequate, excessive or unfairly discriminatory.

In essence, the basic charge to which the regulatory authorities of the states are committed is to assure the continued solvency of each company in order that it might be ready to discharge its obligations to policyholders, to ascertain that customers are neither overcharged nor unfairly discriminated against, and to regulate the business in a way that will encourage the companies to make essential insurance protection as readily available to the public as is practicable.

The State Regulatory Authorities

Alabama: H.H. Sumrall Jr., Commissioner of Insurance, Administrative Building, Montgomery, Alabama 36104.

Alaska: Kenneth C. Moore, Director of Insurance, Pouch D, Juneau, Alaska 99801

Arizona: John N. Trimble, Director of Insurance, 1601 West Jefferson, Phoenix, Arizona 85007

Arkansas: W.H.L. Woodyard, Insurance Commissioner, 12th & University Avenue, Little Rock, Arkansas 72204

California: Wesley J. Kinder, Insurance Commissioner, 600 South Commonwealth, Los Angeles, California 90005

Colorado: J. Richard Barnes, Commissioner of Insurance, 106 State Office Building, Denver, Colorado 80203

Connecticut: Joseph C. Mike, Insurance Commissioner, 425 State Office Building, Hartford, Connecticut 06115

Delaware: David H. Elliot, Insurance Commissioner, 21 The Green, Dover, Delaware 19901

District of Columbia: James R. Montgomery, Acting Superintendent of Insurance, 614 H Street, NW Suite 512, Washington, D.C. 20001

Florida: Bill Gunter, Insurance Commissioner, State Capitol, Tallahassee, Florida 32304

Georgia: Johnnie L. Caldwell, Insurance Commissioner, 238 State Capitol, Atlanta, Georgia 30334

Guam: Ignacio C. Borja, Insurance Commissioner, P.O. Box 2796, Agana, Guam 96910

Hawaii: Tany S. Hong, Insurance Commissioner, P.O. Box 3614, Honolulu, Hawaii 96811

Idaho: Monroe C. Gollaher, Director of Insurance, 206 State House, Boise, Idaho 83720

Illinois: Philip J. O'Connor, Acting Director of Insurance, 215 East Monroe St., Springfield, Illinois 62767

Indiana: H.P. Hudson, Commissioner of Insurance, 509 State Office Building, Indianapolis, Indiana 46204

Iowa: Richard Baldwin, Acting Director of Insurance, State Office Building, Des Moines, Iowa 50319

Kansas: Fletcher Bell, Commissioner of Insurance, State Office Building, Topeka, Kansas 66612

Kentucky: Harold B. McGuffey, Insurance Commissioner, Capitol Plaza Tower, Frankfort, Kentucky 40601

Louisiana: Sherman A. Bernard, Commissioner of Insurance, P.O. Box 44214, Capitol Station, Baton Rouge, Louisiana 70804

Maine: Theodore T. Briggs, CPCU, Superintendent of Insurance, Dept. of Business Regulation, Augusta, Maine 04333

Maryland: Edward J. Birrane, Insurance Commissioner, One South Calvert Building, Baltimore, Maryland 21202

Massachusetts: Michael J. Sabbagh, Commissioner of Insurance, 100 Cambridge Street, Boston, Massachusetts 02202

Michigan: Jean Carlson, Acting Commissioner of Insurance, P.O. Box 30220, Lansing, Michigan 48909

Minnesota: Michael D. Markman, Commissioner of Insurance, Metro Square Building, St. Paul, Minnesota 55101

Mississippi: George Dale, Commissioner of Insurance, P.O. Box 79, Jackson, Mississippi 39205

Missouri: Richard J. Fredrick, Director of Insurance, P.O. Box 690, Jefferson City, Missouri 65101

Montana: Elmer V. Omholt, Commissioner of Insurance, Capitol Building, Helena, Montana 59601

Nebraska: Walter Weaver, Director of Insurance, 301 Centennial Mall South, Lincoln, Nebraska 68509

Nevada: Donald W. Heath, Insurance Commissioner, 201 South Fall Street, Carson City, Nevada 89710

New Hampshire: Frank E. Whaland, Insurance Commissioner, 169 Manchester Street, Concord, New Hampshire 03301

New Jersey: James J. Sheeran, Commissioner of Insurance, 201 East State Street, Trenton, New Jersey 08625

New Mexico: Manuel A. Garcia, Jr., Superintendent of Insurance, P.O. Drawer 1269, Santa Fe, New Mexico 87501

New York: Albert B. Lewis, Superintendent of Insurance, Two World Trade Center, New York, New York 10047

North Carolina: John R. Ingram, Commissioner of Insurance, P.O. Box 26387, Raleigh, North Carolina 27611

North Dakota: Byron Knutson, Commissioner of Insurance, Capitol Building, Fifth Floor, Bismarck, North Dakota 58501

Ohio: Harry V. Jump, Director of Insurance, 2100 Stella Court, Columbus, Ohio 43215

Oklahoma: Gerald Grimes, Insurance Commissioner, 408 Will Rogers Memorial Building, Oklahoma City, Oklahoma 73105

Oregon: Wilfred W. Fritz, Insurance Commissioner, 158-12th Street, NE, Salem, Oregon 97310

Pennsylvania: Harvey Bartle III, Insurance Commissioner, 13th Floor, Strawberry Square, Harrisburg, Pennsylvania 17120

Puerto Rico: Rolando Cruz, Commissioner of Insurance, P.O. Box 3508, San Juan, Puerto Rico 00904

Rhode Island: Thomas J. Caldarone, Jr., Insurance Commissioner, 100 North Main Street, Providence, Rhode Island 02903

South Carolina: John W. Lindsay, Insurance Commissioner, 2711 Middleburg Drive, Columbia, South Carolina 29204

South Dakota: Lowell L. Knutson, Director of Insurance, Insurance Building, Pierre, South Dakota 57501

Tennessee: John C. Neff, Commissioner of Insurance, 114 State Office Building, Nashville, Tennessee 37219

Texas: E.J. Voorhis, Commissioner of Insurance, 1110 San Jacinto Boulevard, Austin, Texas 78786

Utah: Roger C. Day, Commissioner of Insurance, 326 South Fifth East, Salt Lake City, Utah 84102

Vermont: Steward M. Ledbetter, Commissioner of Insurance, State Office Building, Montpelier, Vermont 05602

Virginia: James W. Newman, Commissioner of Insurance, P.O. Box 1157, Richmond, Virginia 23209

Virgin Islands: Henry A. Millin, Commissioner of Insurance, P.O. Box 450, Charlotte Amalie, St. Thomas, Virgin Islands 00801

Washington: Dick Marquardt, Insurance Commissioner, Insurance Building, Olympia, Washington 98504

West Virginia: Richard G. Shaw, Insurance Commissioner, 1800 Washington Street, E., Charleston, West Virginia 25305

Wisconsin: Susan Mitchell, Commissioner of Insurance, 123 West Washington Ave., Madison, Wisconsin 53702

Wyoming: John T. Langdon, Insurance Commissioner, 2424 Pioneer Street, Cheyenne, Wyoming 82001

DEFINITIONS

Property Insurance: Provides financial protection against loss or damage to the insured's property caused by such perils as fire, windstorm, hail, explosion, riot, aircraft, motor vehicles, vandalism, malicious mischief, riot and civil commotion, and smoke.

Liability Insurance: Provides protection for the insured against loss arising out of his legal liability resulting from injuries to other persons or damage to their property.

Life Insurance: This form of insurance provides for payment of a specified amount on the insured's death, either to his estate or to a designated beneficiary; or in the case of an endowment policy, to the insured himself at a specified date.

Accident and Health Insurance: A type of coverage that pays benefits, sometimes including reimbursement for loss of income, in case of sickness, accidental injury or accidental death.

Actual Cash Value: The cost of repairing or replacing damaged property with other of like kind and quality in the same physical condition; commonly defined as replacement cost less depreciation.

Agent: The *independent agent* is an independent businessman who usually represents two or more insurance companies under contract in a sales and service capacity and who is paid on a commission basis. The *exclusive agent* represents only one company, usually on a commission basis. The *direct writer* is the salaried or commissioned employee of a single company.

Allied Lines: A term for forms of insurance allied with property insurance, covering such perils as sprinkler leakage, water damage and earthquake.

Arson: The willful and malicious burning of, or attempt to burn, any structure or other property, often with criminal or fraudulent intent.

Assets: All funds, property, goods, securities, rights of action or resources of any kind owned by an insurance company, less such items as are declared non-admissible by state laws, including deferred or overdue premiums.

Automobile Insurance Plan: Formerly called and still sometimes referred to as "assigned risk" plan. A program under which automobile insurance is made available to persons who are unable to obtain such insurance in the voluntary market.

Automobile Liability Insurance: Protection for the insured against loss arising out of his legal liability when his car injures others or damages their property.

Automobile Physical Damage Insurance: Coverage for damages or loss to automobile of policyholder, resulting from collision, fire, theft and other perils.

Boiler and Machinery Insurance: Coverage for loss arising out of the operation of pressure, mechanical and electrical equipment. It may cover loss to the boiler and machinery itself, damage to other property, and business interruption losses.

Broker: A marketing specialist who represents buyers of property and liability insurance and who deals with either agents or companies in arranging for the coverage required by the customer.

Burglary and Theft Insurance: Protection for loss of property due to burglary, robbery or larceny.

Business Interruption Insurance: Coverage for loss of earnings in case the policyholder's business is shut down by fire, windstorm, explosion or other insured peril.

Catastrophe: In insurance, a term applied to an incident or series of related incidents involving a loss of more than a million dollars.

Coinsurance: A provision in an insurance policy which requires the insured to carry insurance equal to a certain specified percentage of the value of the property. It provides for the full payment, up to the amount of the policy, of all losses if the insurance carried is at least equal to the specified amount. Otherwise, payment would be only a predetermined percentage of the actual loss.

Commercial Multiple Peril Policy: A package type of insurance for the commercial establishment, that includes a wide range of essential coverages.

Comprehensive Personal Liability Insurance: Protection for an insured against loss arising out of his legal liability to pay money for damage or injury he has caused to others. This does not include automobile liability or business operations.

Credit Insurance: A guarantee to manufacturers, wholesalers and service organizations that they will be paid for goods shipped or services rendered. It is a guarantee of that part of their working capital represented by accounts receivable.

Crop-Hail Insurance: Protection against damage to growing crops as a result of hail or certain other named perils.

Deductible Insurance: A method of coverage under which a policyholder agrees to contribute up to a specified sum per claim or per accident toward the total amount of the insured loss. Insurance is written on this basis at reduced rates.

Earthquake: A trembling or shaking of the earth, often resulting in severe damage.

Extended Coverage Insurance: Protection for the insured against loss or damage to his property caused by windstorm, hail, smoke, explosion, riot, riot attending a strike, civil commotion, vehicle and aircraft. This is provided in conjunction with the fire insurance policy and the various "package" policies.

FAIR Plan: A facility, operating under a government-insurance industry cooperative program, to make fire insurance and other

forms of property insurance readily available to persons who have difficulty obtaining such coverage.

Federal Crime Insurance: Insurance against burglary, larceny and robbery losses offered by the federal government where the Federal Insurance Administration has determined that such insurance is not readily available.

Fidelity Bond: A form of protection which reimburses an employer for losses caused by dishonest or fraudulent acts of employes.

Fire Insurance: Coverage for losses caused by fire and lightning, plus resultant damage caused by smoke and water.

Flood Insurance: Coverage against loss resulting from the flood peril.

Glass Insurance: Protection for loss or damage to glass and its appurtenances by any cause except fire and war.

Group Insurance: Any insurance plan under which a number of persons and their dependents are insured under a single policy, issued to their employer or to an association with which they are affiliated, with individual certificates given to each insured person.

Homeowners Policy: A package type of insurance for the home owner that includes coverages ranging from fire and extended coverage, theft and personal liability to "all risk" coverages.

Hurricane: A tropical storm with a wind velocity of 75 or more miles an hour.

Financial Responsibility Law: A law under which a person involved in an automobile accident may be required to furnish security up to certain minimum dollar limits. Each state has such a law.

Inland Marine Insurance: A broad type of insurance, generally covering articles that may be transported from one place to another as well as bridges, tunnels and other instrumentalities of transportation. It includes goods in transit (generally excepting trans-ocean) as well as numerous "floater" policies such as personal effects, personal property, jewelry, furs, fine arts and others.

Liability Limits: The stipulated sum or sums beyond which an insurance company is not liable to protect the insured.

Liability other than Automobile: A form of coverage that pertains, for the most part, to claims arising out of the insured's liability for injuries or damage caused by ownership of property, manufacturing operations, contracting operations, sale or distribution of products, and the operation of elevators and the like, as well as professional services.

Malpractice Insurance: Coverage afforded to a professional practitioner, such as a doctor or a lawyer, against liability claims for damages resulting from alleged malpractice in the performance of the insured's services.

Medical Payments Insurance: A coverage, available in various liability insurance policies, in which the insurer agrees to reimburse the insured and others, without regard for the insured's liability, for

medical or funeral expenses incurred as the result of bodily injury or death by accident under the conditions specified in the policy.

Multiple Peril Insurance: Policies that combine many perils previously covered by individual fire and liability policies.

No-fault Automobile Insurance: A form of insurance by which a person's financial losses resulting from an automobile accident, such as medical and hospital expenses and loss of income, are paid by his own insurance company without concern for who was at fault.

Ocean Marine Insurance: Coverage on all types of vessels, including liabilities connected with them, and on their cargoes.

Package Policy: A single insurance policy that includes several coverages (such as the homeowners policy).

Policyholders' Surplus: The sum remaining after all liabilities are deducted from all assets. Sums such as paid-in capital and special voluntary reserves are also included in this term. This surplus is an additional financial protection to policyholders in the event a company suffers unexpected or catastrophic losses.

Premium: The sum paid for an insurance policy. *Net premiums written* represent premium income retained by insurance companies, direct or through reinsurance, less payments made for business reinsured. *Direct written premiums* are the amounts actually paid by policyholders.

Product Liability Insurance: Protection against financial loss arising out of the legal liability incurred by a manufacturer, merchant or distributor because of injury or damage resulting from the use of a covered product, or out of the liability incurred by a contractor (as a result of improperly performed work) after he has completed a job.

Reinsurance: Assumption by one insurance company of all or part of a risk undertaken by another insurance company.

Surety Bond: An agreement providing for monetary compensation should there be a failure to perform specified acts within a stated period. The surety company, for example, becomes responsible for fulfillment of a contract if the contractor defaults.

Tornado: A whirling wind, accompanied by a funnel-shaped cloud, very violent and destructive in a narrow path, often for many miles over the land.

Umbrella Liability: A form of insurance protection against losses in excess of amounts covered by other liability insurance policies; also protects the insured in many situations not covered by the usual liability policies.

Uninsured Motorist Protection: A form of insurance which covers the policyholder and members of his family if injured by a hit-and-run motorist or a driver who carries no liability insurance, assuming the other driver is at fault.

Workers' Compensation Insurance: A method of providing for the cost of medical care and weekly payments to injured employees or to dependents of those killed in industry, regardless of blame.

INSURANCE, SERVICE ORGANIZATIONS

The following are among the national organizations of or supported by insurance companies, or whose activities are closely related to insurance. Also listed are certain state organizations which subscribe to the services of the Insurance Information Institute.

Alliance of American Insurers, 20 North Wacker Drive, Chicago, Ill. 60606. Tel. 312-558-3700 Trade association to facilitate cooperation among fire and casualty insurance companies in matters of concern to them and their policyholders.

American Council of Life Insurance, 1850 K Street, N.W., Washington, D.C. 20006. Tel. 202-862-4000. Trade association responsible for the public relations, government, legislative and research aspects of the life insurance business.

American Institute of Marine Underwriters, 14 Wall Street, New York, N.Y. 10005. Tel. 212-233-0550. Provides information of interest to marine underwriters, and promotes the interest of those underwriters.

American Institute for Property and Liability Underwriters, Inc., Providence and Sugartown Roads, Malvern, Pa. 19355. Tel. 215-644-2100. Establishes educational standards for professional property and liability insurance underwriting; fosters training.

American Insurance Association, 85 John Street, New York, N.Y. 10038. Tel. 212-433-4400. Trade and service organization of the property and casualty insurance industry; provides a forum for the discussion of problems; provides safety, promotional and legislative services.

American Nuclear Insurers, The Exchange, Building #3, Farmington Avenue, Farmington, Conn. 06032. Tel. 203-677-7305. A nonprofit, unincorporated association through which liability and property insurance protection is provided against hazards arising out of nuclear reactor installations and their operations.

Association of Fire and Casualty Companies in Texas, Suite 4821, 1st International Building, Dallas, Texas 75270. Tel. 214-748-9941. Represents domestic Texas property and liability insurance companies in seeking to broaden consumer knowledge of insurance and in supporting legislation to improve the insurance business.

Automobile Insurance Plans Service Office, 733 Third Avenue, New York, N.Y. 10017. Tel. 212-867-0500. Develops and files rates and provides other services for automobile insurance plans countrywide.

Casualty Actuarial Society, One Penn Plaza, New York, N.Y. 10001. Tel. 212-560-1018(9). Promotes actuarial and statistical science in all insurance fields except life.

College of Insurance, 123 William Street, New York, N.Y. 10038. Tel. 212-962-4111. Insurance industry-supported college providing a complete curriculum leading to bachelor's and master's degrees in business administration and a bachelor of science degree in actuarial science.

Crop-Hail Insurance Actuarial Association, 209 West Jackson Boulevard, Chicago, Illinois 60606. Tel. 312-922-7722. Rating and research organization and statistical agent for crop-hail insurance and rain insurance on public events, business ventures, and private proceedings.

Defense Research Institute, Inc., 1100 West Wells Street, Milwaukee, Wisconsin 53233. Tel. 414-272-5995. Service organization to improve the administration of justice and improve the skills of defense lawyers.

Federal Insurance Administration, 451 Seventh Street, S.W., Washington, D.C. 20410. Tel. 202-755-6770. Administers the federal flood insurance, urban property insurance and crime insurance programs.

Fire Prevention and Engineering Bureau of Texas, 1320 Mercantile Securities Building, Dallas, Texas 75201. Tel. 214-747-0681. Performs risk inspections, prepares underwriting reports, inspects fire defenses of Texas cities for members and subscribers.

Foreign Credit Insurance Association, One World Trade Center, 9th Floor, New York, N.Y. 10048. Tel. 212-432-6200. Offers credit insurance facilities for U.S. exporters through cooperation of the insurance business and the Export-Import Bank of Washington.

Health Insurance Institute, 1850 K Street, N.W., Washington, D.C. 20006. Tel. 202-862-4124. Central source of health insurance information for the public on behalf of insurance companies; monitors public attitudes and reactions to health insurance developments.

Highway Loss Data Institute, Watergate Six Hundred, 600 New Hampshire Ave., N.W., Washington, D.C. 20037. Tel. 202-333-6200. Nonprofit organization to gather, process and provide the public with insurance data concerned with human and economic losses resulting from highway accidents.

Independent Insurance Agents of America, Inc., 85 John Street, New York, N.Y. 10038. Tel. 212-285-4250. Trade association of independent insurance agents.

Inland Marine Underwriters Association, 14 Wall Street, New York, N.Y. 10005. Tel. 212-233-7958. Forum for discussion of problems of common concern to inland marine insurers; makes recommendations dealing with forms and legislation.

Insurance Accounting and Statistical Association, Mutual Plaza, Durham, N.C. 27701. Tel. 919-683-2356. An international organization to promote the study, research and development of modern techniques in insurance accounting and statistics.

Insurance Crime Prevention Institute, 15 Franklin Street, Westport, Conn. 06880. Tel. 203-226-6347. Serves casualty insurers in the investigation of fraudulent insurance claims, other than accident, health and workers' compensation.

Insurance Information Institute, 110 William Street, New York, N.Y. 10038. Tel. 212-233-7650. A public relations and educational organization for all lines of insurance except life and health insurance. It is supported by several hundred insurance companies and provides services on a fee basis to many major industry organizations.

Insurance Institute for Highway Safety, Watergate Six Hundred, 600 New Hampshire Avenue, N.W., Washington, D.C. 20037. Tel. 202-333-0770. Traffic safety organization supported by automobile insurers.

Insurance Institute for Research, c/o Jack Moseley, P.O. Box 665, Baltimore, Maryland 21203. Tel. 301-547-3000. An industry-sponsored institute serving as the focal point for improving electronic communications capabilities in the insurance agency system.

Insurance Institute of America, Inc., Providence and Sugartown Roads, Malvern, Pa. 19355. Tel. 215-644-2100. Provides educational opportunities in property and liability insurance and related fields; provides standards for measurement of achievement; conducts research.

Insurance Services Office, 160 Water Street, New York, N.Y. 10038. Tel. 212-487-5000. Provides a wide range of advisory, rating, actuarial, statistical and other services relating to property and casualty insurance, including the development of policy forms, rates, premiums and related services for multiple line coverages. Offers services, including research studies, to insurers or other persons or organizations.

Metropolitan Chicago Loss Bureau, 175 W. Jackson Boulevard, Chicago, Ill. 60604. Tel. 312-322-2500. Assists insurance companies with property claims adjustment and arson and fraud claims investigation.

National Association of Casualty and Surety Agents, 5225 Wisconsin Avenue, N.W., Suite 302, Washington, D.C. 20015. Tel. 202-362-0101. A trade organization dedicated to safeguarding the public interest, preserving a competitive market, and working with others for the good of the insurance business and the public.

National Association of Health Underwriters, 145 North Avenue, Hartland, Wisconsin 53029. Tel. 414-367-3248. Professional association of persons engaged in the sale and service of disability income and hospitalization and major medical health insurance.

National Association of Independent Insurers, 2600 River Road, Des Plaines, Ill. 60018. Tel. 312-297-7800. Trade association of fire, casualty and surety insurers.

National Association of Insurance Brokers, Inc., Suite 2700, 111 John Street, New York, N.Y. 10038. Tel. 212-962-5630. Trade association of insurance brokers.

National Association of Insurance Commissioners, 633 West Wisconsin Avenue, Suite 1015, Milwaukee, Wis., 53203. Tel. 414-271-4464. Organization of state insurance commissioners to promote uniformity in state supervision of insurance matters, and to recommend desirable legislation in the various state legislatures.

National Association of Insurance Women, 1847 East 15th Street, Tulsa, Okla. 74104. Tel. 918-932-5195. Fosters educational programs for members. Promotes public safety and service programs.

National Association of Mutual Insurance Companies, 7931 Castleway Drive, Indianapolis, Ind. 46250. Tel. 317-842-2880. Trade association of property and casualty mutual insurance companies.

National Association of Surety Bond Producers, Inc., 5225 Wisconsin Avenue, N.W., Suite 502, Washington, D.C. 20015. Tel. 202-362-0101. Trade association of surety bond producers.

National Automobile Theft Bureau, 10330 South Roberts Road, Palos Hills, Ill. 60482. Tel. 312-430-2430. Conducts stolen vehicle recovery and auto theft prevention activities on behalf of the insurance industry.

National Committee on Property Insurance, City Bank & Trust Building, 55 Court Street—Suite 210, Boston, Massachusetts 02108. Tel. 617-367-5912. Provides advice and assistance to insurers writing property coverages in distressed or residual insurance markets.

National Council on Compensation Insurance, One Penn Plaza, New York, N.Y. 10001. Tel. 212-560-1000. Develops and administers rating plans and systems for workers' compensation insurance.

National Crime Prevention Association, 985 National Press Building, 529 14th Street, N.W., Washington, D.C. 20045. Tel. 202-393-3170. Coordinates national strategy and provides information on crime prevention efforts.

National Crop Insurance Association, Janitell One, Suite 322, Garden Valley Center, Colorado Springs, Colorado 80906. Tel. 303-576-5111. National trade association of insurance companies writing hail, fire and other weather perils to growing crops.

National Fire Protection Association, 470 Atlantic Avenue, Boston, Massachusetts 02210. Tel. 617-482-8755. Independent, nonprofit source of technical and educational information on fire protection, prevention and suppression; develops and publishes consensus fire safety standards; sponsors national Learn Not to Burn campaign.

National Safety Council, 444 North Michigan Avenue, Chicago, Illinois 60611. Tel. 312-527-4800. Provides national support and leadership in the field of safety; publishes safety materials of all kinds; conducts a public information and publicity program in support of safety.

Professional Insurance Agents, 400 N. Washington St., Alexandria, Virginia 22314. Tel. 703-836-9340. Trade association of insurance agents.

Property-Casualty Insurance Council, 1st National Bank Plaza, Suite 3950, Chicago, Illinois 60603. Tel. 312-236-7124. Organization of property and casualty insurance associations and companies to provide a forum for discussion of major issues and to facilitate coordination and cooperation in dealing with those issues, and to develop and recommend programs in research and in consumer and legislative information.

Property Insurance Plans Service Office, City Bank & Trust Building, 55 Court Street—Suite 210, Boston, Massachusetts 02108. Tel. 617-367-5912. Provides technical and administrative services to the various state property insurance plans.

Reinsurance Association of America, 1025 Connecticut Avenue, N.W., Suite 512, Washington, D.C. 20036. Tel. 202-293-3335. Trade association of property and casualty reinsurers; provides legislative services for members.

Risk and Insurance Management Society, Inc., 205 East 42nd Street, New York, N.Y. 10017. Tel. 212-557-3210. Organization of corporate buyers of insurance, to make known to insurers the insurance needs of business and industry, support loss prevention and provide a forum for the discussion of common objectives and problems.

Society of Chartered Property and Casualty Underwriters, Penn State Building, Media, Pa. 19063. Tel. 215-565-1033. Professional society to foster the higher education of those engaged in insurance and risk management; encourages and conducts research.

Society of Insurance Research, 518 East Broad Street, Columbus, Ohio 43216. Tel. 614-464-5019. Stimulates insurance research and fosters exchanges among society members on research methodology.

Surety Association of America, 100 Wood Avenue South (Metro-Park), Iselin, N.J. 08830. Tel. 201-494-7600. Statistical, rating, development and advisory organization and forum for surety companies.

Texas Automobile Insurance Plan, 404 Brown Building, Austin, Texas 78701. Tel. 512-477-5322. Provides market for drivers unable to obtain liability insurance through commercial channels.

Texas Automobile Insurance Service Office, American Bank Towers, Suite 350, 221 West Sixth Street, Austin, Texas 78701. Tel. 512-476-9174. Insurers' organization licensed to advise the State Insurance Board on auto forms, rates, rating procedures, classifications and coverages.

Texas Catastrophe Property Insurance Association, P.O. Box 2930, Austin, Texas 78767. Tel. 512-444-9611. Established by state legislature to provide back-up source for windstorm insurance in high risk area (14 coastal counties).

Texas Insurance Advisory Association, P.O. Box 15, Austin, Texas 78767. Tel. 512-444-9611. Insurers' organization to advise the State Insurance Board of property forms, rates, rating procedures and coverages.

Texas Life Insurance Association, P.O. Box 1148, Austin, Texas 78767. Tel. 512-472-8442. Provides forum for the discussion and dissemination of information to the life insurance-buying public of Texas and to others with a direct role in this aspect of the industry.

Texas Medical Liability Insurance Underwriting Association, 222 Chevy Chase IV, 7715 Chevy Chase Drive, Austin, Texas 78752. Tel. 512-452-4370. Established by legislature to provide source for medical malpractice insurance.

Texas Workers' Compensation Assigned Risk Pool, 222 Chevy Chase IV, 7715 Chevy Chase Drive, Austin, Texas 78752. Tel. 512-458-9181. Provides workers' compensation insurance when unavailable through commercial channels.

Underwriters' Laboratories, Inc., 207 East Ohio Street, Chicago, Illinois 60611. Tel. 312-642-6969. Investigates and tests electrical materials and other products to determine that fire prevention and protection standards are being met.

Underwriters Salvage Company of Chicago, 1400 Busse Road, Elk Grove Village, Ill. 60007. Tel. 312-437-8181. Assists insurers in adjustment of losses through the reclamation, reconditioning and disposition of damaged goods.

Washington Insurance Council, 1218 Third Avenue, Seattle, Washington 98101. Tel. 206-624-3927. Provides education and information services to the public and to insurance companies, producer organizations and other professional insurance groups.

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